

NEPAL LIVING STANDARDS SURVEY REPORT 1996

MAIN FINDINGS VOLUME TWO



**CENTRAL BUREAU OF STATISTICS
NATIONAL PLANNING COMMISSION SECRETARIAT
HIS MAJESTY'S GOVERNMENT
NEPAL**

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FOREWORD

It is indeed encouraging to note that the second volume report on **Nepal Living Standards Survey (NLSS)** containing results in areas like Income, Employment, Agriculture and Non-farm Enterprises is published by the Central Bureau of Statistics (CBS). The coincidence that these results are being available at the time of formulating the Ninth Plan is a big welcome. The opportunity now is wide open to making greater use of these data to further analyze and study the inter-relationship of various socio-economic variables, as well as conduct research on various aspects of the people's socio-economic conditions. Timely completion of the survey has also added greater value to both the results and the data set. Besides the use and application of this wealth of information in the planning exercises, its exploitation to the fullest extent should be of concern to all Economists, Researchers, Analysts and Acedemicians alike.

Techniques that were applied in this survey to maintain the quality and timeliness of the results need to be sustained also for future surveys. I wish to emphasize that the Central Bureau of Statistics should develop its capability in line to produce a steady flow of integrated statistics like this on a recurring basis. It is hoped that the Bureau will henceforth conduct surveys regularly on different subjects and plug in the much needed statistical gaps.

Once again, I appreciate and would like to offer my thanks to the World Bank for providing the financial and technical support in making this survey a success. Let me also thank all the persons and the staff of the CBS who were involved in the successful implementation of this survey.



May 1997

Prof. Mangal Siddhi Manandhar

Vice Chairman

National Planning Commission

PREFACE

This is the second volume report on Nepal Living Standards Survey (NLSS), and with its publication the project successfully comes to an end. Both reports have been published within set timetables. The Bureau now offers both reports as well as access to the entire data set for users that are interested to do further research and analysis of the survey results. A number of institutions have access to this data set and are processing and analysing according to their needs.

Side by side, the survey operation also has contributed in the institutional building by strengthening the capability of CBS in conducting sample surveys. Experience gathered from an integrated household survey of this nature certainly will enable CBS manpower to conduct other kinds of sample surveys with greater ease. The need, now, is to focus on a mechanism that ensures a regular flow of information in the future. This allows for a critical and periodic assessment of the poverty situation in the country supplemented by the causes of its happening. Only then might we be in a position strong enough to tackle and alleviate the conditions of the sizable poor in the country properly.

It is also encouraging to note that the survey has successfully used advanced techniques like the use of portable computers and solar panels in the field. This has ultimately facilitated the generation of quality data on a timely basis.

Once again, I would like to thank the World Bank for having provided the much needed support to this project. Similarly, I would also like to extend my thanks to Task Manager Ms. Giovanna Prennushi, Ms. Benu Bidani and Mr. Peter Lanjouw all from the World Bank, Senior Consultant Mr. Juan Munoj, Consultant Mr. Salman Zaidi, and Local consultant Mr. Manik Lal Shrestha for their respective contribution towards the successful completion of the survey.

My thanks are also due to the core team members and the field staff of this project.

May 1997

Keshav Raj Sharma
Director General
Central Bureau of Statistics

Volume 2

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INCOME

1.1 Introduction

This section describes the methodology followed to construct a measure of household income and presents information on income levels, sources, and distribution.

In the first volume of this report, a measure of household consumption was used as an indicator of welfare.¹ Consumption remains a more convincing indicator of well-being than income, for two main reasons. First, the various components of consumption are usually measured more accurately than certain components of income. Second, consumption may be a better proxy for long-term living standards because it may reflect the household's ability to smooth out income fluctuations. In a country which is heavily agricultural, the quality of harvests over the preceding year has a strong bearing on household income. Since harvest variations can be quite large over time, across regions, villages, and even households, one should be cautious in making inferences over long-term living standards based on income figures. Also, an income figure over 12 months might mask considerable variation in flows during the course of the year. It is possible, for example, for a household to face many months of considerable hardship without any cash inflows, and yet not to appear as particularly poor based on an annual income figure. A consumption-based measure of welfare may be better at identifying such situations.

Nonetheless, an income measure can usefully complement a consumption-based analysis of living standards. First, a measure of income will permit to focus on the sources of income of the poor, and thereby gain insight into possible reforms and policies which would succeed in engaging the poor into the broader growth process. Second, it will permit to capture command over resources, and allow one to compare income as a measure of welfare *opportunity* with consumption as a measure of welfare *achievement*.

The definition of income used here is intended to capture the flow of resources which enable a household to achieve its living standard. The 12 months prior to the interview were taken as the relevant accounting period.² The main components of income which comprise our measure are: cultivation income, non-crop farm income, income from wage employment, non-farm family enterprise and self-employment income, income from transfers, rental income, and income from other sources. Each income component is itself an aggregation over a number of possible revenues and costs. Box 1.1 lists the components of total household income in detail.

¹ See Section 1.3 in Volume 1 for details on how the consumption measure was constructed.

² For agricultural production, the reference period is the last completed agricultural year, which may extend more than twelve months into the past.

Box 1.1: Components of household income

<i>Main Component</i>	<i>Items to add</i>	<i>Items to deduct</i>
Farm Income	<ul style="list-style-type: none"> + Value of total crop production (net of share paid to landlord) + value of by-product production + net income from renting farm assets (draft animals, tractors, etc.) + value of sales from non-crop farm production (milk, ghee production, etc.) + earnings from the sale of livestock + value of home-produced non-crop consumption + cash and non-cash rent received from tenants on land leased-out, etc. 	<ul style="list-style-type: none"> - cultivation costs (seeds, fertilizers, hired labor, irrigation, etc.) - maintenance expenditures on farm machinery and buildings - fodder and other livestock expenditures (veterinary services, etc.) - expenditures for the purchase of livestock - cash rent paid to landlords on land leased-in, etc.
Wage Income	<ul style="list-style-type: none"> + value of cash and in-kind earnings per year (including daily, piece-rate, and permanent labor) in agriculture + value of cash and in-kind earnings per year (including daily, piece-rate and permanent labor) outside agriculture 	
Non-Farm Enterprise Income	<ul style="list-style-type: none"> + gross revenues from home enterprises and self-employment outside agriculture during past 12 months 	<ul style="list-style-type: none"> - wages paid - energy expenditures - expenditures on raw materials - other operating expenditures - share of net revenues paid to partners (or kept by partners)
Non-Agricultural Rental Income	<ul style="list-style-type: none"> + income from renting out non-agricultural property + income from renting out non-agricultural assets 	
Transfers	<ul style="list-style-type: none"> + income from remittances and transfers received (cash and in-kind) 	
Owner-Occupied Housing	<ul style="list-style-type: none"> + imputed rent which would have had to be paid to purchase housing services 	
Other Income	<ul style="list-style-type: none"> + interest earnings and dividends from cash and savings deposits + interest earnings and dividends from fixed deposits, stocks and shares + interest earnings and dividends from employee provident fund + pension income + commission fees and royalties 	

1.2. Construction of Income Aggregates

Farm Income

Crop income. The gross value of crops produced was calculated from section 12.B of the questionnaire, which provides information on quantity harvested, quantity sold, and sale prices by crop. The reported prices were used to calculate the total value of farmers' production. This calculation involved several steps.

- i) As a first step, total production was valued at the prices reported for that part of production which was sold. This was possible wherever a farmer sold some of the crop, and the unit of measurement was the same for the harvest and for the output sold, so that the price received could be used to value the total harvest of the crop. However, only a minority of entries in the questionnaire satisfied these conditions.
- ii) Typically, at least some of the crops produced by a given farmer were not sold, or the quantity harvested was recorded in a unit which was different from that reported for the sale of the crop. For example, while a farmer might have harvested 20 *pathis* of wheat, he might have sold 5 kgs of wheat. Even though conversion factors do exist as to the number of *pathis* per kg of wheat, it is not obvious that the same conversion factor should be applied to obtain a price per *pathi*. There may be bulk-purchase discounts, for example.³ To deal with these cases, average prices were calculated at three progressively higher levels of aggregation. First, a ward-level price schedule was calculated, consisting of the average reported price per crop and per unit of output for each ward, across those households which did report a price for a given crop and unit of output. This schedule was then applied to all observations in the data for which output value could not be calculated directly from the household-level entries. Output values for approximately two-thirds of crop-level entries could be calculated on the basis of the household-level and ward-level information. However, for some crop and unit of output combinations, prices were not available even at the ward level. To deal with these cases, a group-level price schedule was calculated, at a level of aggregation corresponding to the six regional groups defined for the NLSS data. Finally, in the (few) cases where even a group-level price schedule was incomplete, a national average price schedule was calculated as a final, national, level of aggregation. About 97 percent of all entries could be priced using information at the four levels mentioned above: household, ward, group, and national level.
- iii) Of the remaining 3 percent of the cases, roughly 2.5 percent could be dealt with by making a few ad-hoc adjustments.⁴ For the last 0.5 percent of the cases it was not

³ In addition, some crops may go through some processing before being sold; for example, it would be incorrect to apply the price of a kg of rice to a *pathi* of paddy.

⁴ In the case of papaya crops, for example, no sales had been recorded in section 12.B at all, so that papaya prices did not feature in any of the price schedules. However, it was possible to obtain the average purchase price of a papaya (at the group level) from the consumption section of the questionnaire, and to apply this price to the papaya harvest in

possible to estimate a value of the harvest, and these entries were therefore left as zeroes.

For those farmers who were renting in land, section 12.B provides details on what fraction of the harvest was given to the landlord as payment for the use of the land. These payments in kind were deducted from the value of total output to estimate the value of output retained by the farmer. The harvest values (net of in-kind rent payments to landlords) were aggregated across crops for each household to obtain a household-level estimate of the value of gross agricultural output per farming household.

The gross agricultural output value was combined with data from Section 12.D which listed the main expenses on cultivation for farming households (irrigation, fertilizers, seeds, etc.), as well as both earnings and expenditures from the rental of farm implements such as tractors, threshers, and draft animals. Cultivation costs and rental expenditures were deducted from the value of the gross agricultural output. Rental earnings and the value of the sale of crop by-products were then added to obtain crop income.

Income from livestock. Sections 12.E1 and 12.E2 provide details on purchases and sales of livestock and sale of livestock products such as ghee, milk, butter, etc., as well as expenses incurred on fodder, veterinary services, etc. Income from livestock was constructed by deducting expenses and expenditures on purchases of livestock from revenues from the sale of livestock and livestock products.

Production of non-crop goods for home consumption. The consumption module provides details on the value of consumption of several home-produced non-crop goods: eggs, milk, ghee, mustard oil, fish, mutton, buffalo and chicken; these amounts were added up to obtain the value of non-crop home production.

Land rental income. For those households renting in land who pay their landlord in cash, rather than in kind, rent payments were collected in section 12.A2. This information is reported at the plot level for each household, for both dry and wet season. These expenditures were aggregated up to the household level to obtain total annual household cash expenditures on land rented in (household payments in kind have already been deducted from the value of gross agricultural output.) Section 12.A1 provides similar information on cash earnings for those households leasing out land, and also includes the value of in-kind payments received. These revenues, minus cash expenditures for land rented in, yielded land rental income.

those cases where the harvest was recorded in individual units. Similarly, in the case of unspecified cereal crops recorded in *manas*, for which no price information was recorded, we decided to apply conversion coefficients from *manas* into kgs to obtain a measure of the quantity harvested in a unit for which there were recorded prices.

Wage Income

Information for each wage activity performed (often more than one per individual) comes from two sections of the questionnaire: information on time worked from Section 1.C and information on wages and other components of pay from Section 11. Section 11 collects information separately for wage employment in agriculture (Section 11.A) and outside agriculture (Section 11.B), and also distinguishes between work paid on a daily basis, on a longer-term basis, and on a piece-rate basis. Income figures for each activity are aggregated at the individual and household level to obtain total wage income for each household.

- **Daily wage income.** Daily wage income was calculated as the daily wage plus the value of any daily in-kind payment times the number of days worked, plus the value of in-kind payments received for the whole period.
- **Longer-term wage income.** Wage income from work not paid daily in agriculture was calculated as the total cash payment plus daily in-kind payment times the number of days worked plus in-kind payment for the whole period. Outside agriculture, longer-term wage income was calculated as monthly pay and transport allowance times the number of months worked, plus bonuses, tips, allowances, clothing, and other yearly payments.
- **Piece-rate income.** Piece-rate income was calculated as the total cash payment plus daily in-kind payment times the number of days worked plus in-kind payment for the whole period.

Non-Farm Enterprise Income

Information on enterprise earnings comes from Section 13. In section 13.B a balance sheet of net earnings over the preceding 12 months provided a figure for net revenues per enterprise per household. Section 13.A provided information on the share of enterprise profits which the household retained, in the event that the enterprise was owned jointly with other households, and the net revenue figure was thus adjusted for the share retained. Net revenues were aggregated across enterprises to the household level to create non-farm enterprise income.

Non-Agricultural Rental Income

Income received by households for renting out residential property and other assets came from Section 14.C. This constituted non-agricultural rental income.

Transfer Income

Incomes from remittances received by household family members were detailed in section 15.B. These were aggregated up to the household level to obtain a measure of household income from remittances over the past 12 months.

Value of Owner-Occupied Housing

In the same way that the value of home production which is not sold but consumed directly by households should be included in a measure of income, households which live in a house that they own are "earning" an income equivalent to the rent they could charge for renting out their home. Thus the imputed rental value of housing for owner-occupiers, which has already been calculated as part of the consumption aggregation exercise,⁵ was included in the income calculation.

Other Income

A residual category of income components was compiled for Section 16 of the questionnaire. This section solicits information from households on their annual earnings from deposits in savings accounts, fixed deposit accounts, treasury bills, stocks and shares, Employee Provident Fund, pensions and commission fees or royalties.

Total Income

Total household income was finally obtained by summing the components of income listed above. Per-capita income figures were obtained by dividing income by household size.

Items Omitted from the Income Aggregates

Net interest income. The NLSS data contains rich information on borrowing and lending amongst households and enterprises in Nepal. Unfortunately, it is not possible to calculate the flow of earnings from money lending without imposing some stringent, and fairly ad-hoc, assumptions. It is similarly difficult to calculate interest payments for those households who report debts. The difficulties stem from a number of factors. First, for both borrowers and lenders, there is a single question on repayments (made and received, respectively) which does not distinguish between interest payments and repayment of principal. A household which has just completed repayment on a loan taken out four years ago, for example, might have repaid all the interest in the first two years, and the principal over the second two years. There is no information on the arrangement which was agreed upon by the borrower and lender. Second, for those households which have not yet completed repayment, or have not yet been repaid, information as to when the final payment is due is often incomplete. This makes it difficult to even impose an arbitrary repayment schedule which would allow one to isolate interest payments from principal

⁵ See section 1.3 in Volume 1 of this report.

repayments. Third, many households report a positive interest rate on the loans they have taken, or the loans they have extended. In the majority of cases, however, repayment at the time of the interview had not been made, even when the loans had been extended several years ago, and the reported interest rates were in annual terms. Typically such loans get rolled over and converted into new loans at the end of each year, with the new principal being lent at the same annual interest rate. It is clear in such cases that no interest payments have been made, or received (although it is not inconceivable that some side payment is required to expedite the granting of this "new" loan). Because of these difficulties, net interest income was excluded from the calculation of total household income.

Farm machinery and housing property. Some households report sales or purchases of farm machinery in Section 12.F. The net proceeds from sales of farm machinery were not included in total income because they represent investment or disinvestment of assets rather than current income (households which make a living from the trade of farm machinery would have reported such income in the non-farm enterprise section of the questionnaire).⁶ Similarly, the net proceeds from the sale or purchase of housing were considered as a change in assets and not included in total income.

1.3 Levels, Sources and Distribution of Income

Income levels. Table 1.1 reports average household and per-capita income by geographical area. Average household income for the whole of Nepal is NRs. 43,732 per annum, while per-capita income is NRs. 7,690.⁷ There are wide variations by geographical area. Incomes are much higher in urban than in rural areas: average urban per-capita income is more than twice average rural per-capita income. Among urban areas, the urban Kathmandu valley stands out as having far higher incomes than the average (more than three times the average for Nepal as a whole in per-capita terms); other urban areas also have higher incomes than the average, but by a much smaller margin. Among rural areas, the western part of the country has lower incomes than the eastern and central part. Per-capita incomes are lower in the Terai than in the Hills, though this result is driven by figures for the western part of the country, as in the eastern/central part incomes are higher in the Terai than in the Hills. The differences between rural areas are far smaller than the differences between urban and rural areas. Note, however, that these are nominal income figures, not adjusted by differences in the cost of living across areas. Once such differences are taken into account, the differences between urban and rural areas narrow a bit, but remain significant.⁸

⁶ Note that, on the contrary, it is quite reasonable to include net income from the sale and purchase of livestock, as quite a few households make a living from raising and selling livestock.

⁷ Note that these figures are obtained over a sample of 3,345 households; 28 households (of the sample) were identified as outliers, as nominal their per-capita income was outside a band defined as the median plus or minus five times the difference between the nominal per capita incomes of the 90th and the 5th percentiles. These outliers were excluded from the analysis.

⁸ Price indices for different areas of the country were calculated based on the survey data, but they are not reported here. For more information, contact the Household Survey Division of the Central Bureau of Statistics.

Income sources. Table 1.2 describes the distribution of household income by source, and indicates what percentage of total household income came from agricultural work, non-agricultural activities, and other sources. Other sources include income from renting out non-agricultural property (buildings, for instance), remittances, the imputed value of owner-occupied housing, and income from other sources (financial assets, pensions, etc.). Roughly three-fifths of income come from agriculture, one-fifth from non-agricultural activities, and one-fifth from other sources. Again, the differences are most marked between urban and rural areas. In urban areas, agriculture accounts for less than one-fifth of income and non-farm activities for more than half. While the share of income from non-farm activities is significantly higher in the urban Kathmandu valley than in other urban areas, the difference between the two is smaller than that between other urban areas and the rural areas. Differences among rural areas are not very marked, with the exception of the Western Terai which exhibits a higher share of income from agriculture.

Interestingly, the distribution of income by source does not change much across the first four consumption quintiles. The top quintile, however, exhibits a markedly different pattern, with a lower share of income from agriculture and higher-than-average shares of income from both non-agricultural activities and other sources.

Table 1.3 looks at the distribution of income by type of work performed, and indicates what percentage of total household income comes from wage work, self-employment, or other sources. Other sources here include the sources listed above, plus income from renting out agricultural land. On average, a third of income comes from wages and salaries, slightly more than half from self-employment, and a fifth from other sources. Reflecting the fact that self-employment is mostly agricultural, the share coming from self-employment is higher in rural than in urban areas; the shares coming from wages and salaries and from other sources are correspondingly lower. Differences across regions reflect the higher availability of wage/salary jobs in the Eastern and Central regions, respectively in agriculture and outside agriculture.

Looking at the distribution by consumption quintile indicates that those in the lower quintiles earn a larger share of their income from wage employment while those in the higher quintiles earn a higher share from other sources; the share coming from self-employment does not vary much.

Distribution of income. Tables 1.4 and 1.5 report nominal per-capita income in current Rupees and the cumulative shares of income by decile and quintile. In nominal terms, the bottom 80 percent of households earn 50 percent of total income, while the top 20 percent earn the other 50 percent of income.

Table 1.6 reports the distribution of the population by geographical area and nominal per-capita income quintile. ..

Table 1.1: Nominal Household and Per-Capita Income by Geographical Group
(Annual Income in 1995/96 Rupees)

	Average Household Income	Average Household Size	Average Per-Capita Income
DEVELOPMENT REGION			
Eastern	40,892	5.5	7,434
Central	52,408	5.6	9,366
Western	39,213	5.6	7,011
Midwest	36,435	6.0	6,038
Farwest	37,307	6.3	5,928
ECOLOGICAL BELT			
Mountain	32,343	5.4	5,938
Hill	44,998	5.3	8,433
Terai	44,518	6.1	7,322
URBAN	86,797	5.4	16,118
Kathmandu	118,939	4.9	24,084
Other urban	65,363	5.7	11,502
RURAL	40,400	5.7	7,075
Eastern Hill/Mountain	41,084	5.4	7,609
Western Hill/Mountain	35,053	5.4	6,534
Eastern Terai	45,284	5.7	7,876
Western Terai	39,308	6.8	5,772
NEPAL	43,732	5.7	7,690

Note: This and the following tables are based on 3345 observations
(28 outliers were excluded; see footnote 7 in text).

Table 1.2: Sources of Income:
Shares of Farm, Non-Farm, and Other Income over Nominal Household Income

	Share of Farm Income	Share of Non-Farm Income	Share of Other Income
DEVELOPMENT REGION			
Eastern	66	22	12
Central	56	26	18
Western	59	19	22
Midwest	71	20	9
Farwest	62	19	19
ECOLOGICAL BELT			
Mountain	62	18	20
Hill	58	24	18
Terai	64	22	14
URBAN	16	54	31
Kathmandu	3	63	34
Other urban	25	47	28
RURAL	65	20	15
Eastern Hill/Mountain	66	20	14
Western Hill/Mountain	60	20	20
Eastern Terai	64	22	14
Western Terai	73	15	11
CONSUMPTION GROUP			
First Quintile	69	19	12
Second Quintile	69	21	10
Third Quintile	64	20	16
Fourth Quintile	63	20	17
Fifth Quintile	47	18	25
NEPAL	61	22	16

Table 1.3: Sources of Income:
Shares of Wage, Self-Employment, and Other Income over Nominal Household Income

	Share of Wage Income	Share of Self- Employment Income	Share of Other Income
DEVELOPMENT REGION			
Eastern	33	58	9
Central	30	50	20
Western	25	52	23
Midwest	20	65	16
Farwest	26	54	19
ECOLOGICAL BELT			
Mountain	34	54	12
Hill	22	59	20
Terai	33	50	17
URBAN	36	33	31
Kathmandu	42	24	34
Other urban	32	39	29
RURAL	27	56	17
Eastern Hill/Mountain	25	64	11
Western Hill/Mountain	20	57	23
Eastern Terai	35	48	17
Western Terai	29	57	14
CONSUMPTION GROUP			
First Quintile	35	54	12
Second Quintile	34	52	14
Third Quintile	29	55	16
Fourth Quintile	23	60	17
Fifth Quintile	23	51	26
NEPAL	28	54	18

Table 1.4: Distribution of Nominal Per-Capita Income by Decile

Decile	Mean Income	Decile Share	Cum. Share
I	1,309	1.7%	1.7%
II	2,731	3.6%	5.3%
III	3,493	4.5%	9.8%
IV	4,199	5.5%	15.3%
V	4,932	6.4%	21.7%
VI	5,865	7.6%	29.3%
VII	6,990	9.1%	38.4%
VIII	8,723	11.3%	49.7%
IX	11,774	15.3%	65.0%
X	26,873	34.9%	100.0%
Average	7,690	100.0%	

Table 1.5: Nominal Per-Capita Income by Quintile

Quintile	Mean Income	Quint. Share	Cum. Share
I	2,020	5.3%	5.3%
II	3,848	10.0%	15.3%
III	5,399	14.0%	29.3%
IV	7,856	20.4%	49.7%
V	19,325	50.3%	100.0%
Average	7,690	100.0%	

Table 1.6: Distribution of the Population by Nominal Per-Capita Income Quintile and Geographical Group

Quintile	Kathm.	Other	R-E	R-W	R-E	R-W	Total
		Urban	Hills	Hills	Terai	Terai	
I	0.5	12.2	24.1	23.4	13.6	25.4	20.0
II	1.0	14.5	15.7	24.0	19.9	24.1	20.0
III	4.3	11.9	18.2	20.1	23.3	21.1	20.0
IV	8.8	19.9	20.0	17.4	23.4	19.7	20.0
V	85.4	41.5	22.0	15.1	19.8	9.7	20.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

EMPLOYMENT STATUS

2.1 Definitions

For the purpose of this report, a person was classified as “employed” if he or she worked at least one hour during the seven days prior to the interview. Activities such as working in the fields and tending livestock are considered; activities such as housework, gathering firewood, fetching water, and making mats, baskets, etc. for home use are excluded. A person was classified as “unemployed” if he or she did not work during the previous seven days, and was available and looked for work, or did not look for the following reasons: awaiting reply from an agency, waiting to start a new job, “there is no work”, “don’t know how to look”. Thus, the definition of unemployment includes those transitionally unemployed as well as those who were discouraged. All others who did not work during the previous week and did not look for work for reasons other than those listed above were considered “inactive”.¹

Note that the NLSS differed from a standard labor force survey in that the reference period was not the same calendar week for all those interviewed. Rather, the seven-day reference period varied from household to household, as the households in the sample were visited randomly over the course of a year. Thus, the figures obtained do not refer to a particular time of the year, but are in a sense “averages” over a year.

2.2 Activity Rates and Unemployment Rates

Based on these definitions, 67 percent of the population above 10 years of age was classified as employed, 3 percent as unemployed, and 29 percent as inactive. These figures imply an overall labor force participation rate of 71 percent and an overall unemployment rate of 4.9 percent. Participation rates for males and women were 75 and 66 percent respectively; unemployment rates were 5.6 percent for men and 4.1 percent for women. Women comprised 52 percent of the total labor force.

Table 2.1 reports activity status, activity and unemployment rates by gender, development region, ecological belt, geographical group, and consumption quintile. Both participation rates and unemployment rates are higher for males than for females. The Farwest has the highest participation rate and the lowest unemployment rate, an indication of the prevalence of self employment in agriculture. The same holds true for the Mountain belt. Participation rates are

¹ A few individuals who responded they did not work over the previous seven days because they were on vacation were classified as employed.

much lower and unemployment rates much higher in urban areas than in rural areas. Among the rural areas, the Rural East Terai has the lowest participation rate and the highest unemployment rate. Participation rates decline as consumption increases, while the unemployment rate generally declines but not gradually.

Table 2.2 reports activity status, activity and unemployment rates by age category and education level. As expected, open unemployment is higher among younger workers (10-24). This is true in most geographical groups (Table 2.3), but particularly in the urban Kathmandu valley, other urban areas, and the rural Eastern and Central Terai. Open unemployment is also highest among educated workers, a result consistent with evidence from other countries.

2.3 Underemployment

In order to assess the extent of underemployment, Table 2.4 reports the distribution of those employed by number of hours worked. The data indicate that 21.5 percent of those classified as employed worked less than 20 hours over the previous seven days, 25.5 percent worked between 20 and 39 hours, and 53 percent worked more than 40 hours.

2.4 Activity Status on the Basis of Work Done During the Previous Year

In addition to using a definition of employment based on the last seven days, the survey data make it possible to calculate participation rates based on whether a person worked at all during the year preceding the survey.² For the purposes of Table 2.5, individuals were defined as "employed" if they have worked at least one day during the previous year (regardless of the number of hours). Individuals were defined as "unemployed" if they did not work at all, were available and looked for work over the past seven days, or were available but did not look for the same reasons mentioned in Section 2.1. All others who did not work during the previous year, were not available, or did not look for work for other reasons were classified as "inactive". In other words, the definitions are the same as above, but based on the number of days worked during the previous year, rather than on the number of hours worked during the past week. However, the definitions of unemployed and inactive still make use of the information on whether the person looked for work over the previous seven days and why, as in Section 2.1.

Based on this expanded definition of employment, participation rates are, as expected, higher than those obtained using the previous definition, and more so for females than for males. Unemployment rates are lower, less so for females than for males (Table 2.5).

² This appears to be the definition used in the 1991 Population Census.

2.5 Main Sector of Employment

The individuals surveyed frequently reported having been engaged in more than one activity during the previous year, and often even over the previous seven days. To deal with such situations, a time-based criterion was used to classify individuals by main sector of employment. The activity on which a person spent the most hours during the previous seven days was defined as "main activity". If an individual reported spending the same number of hours was reported on more than one activity, a criterion based on time spent during the previous year was used: the activity on which the individual spent the highest number of full days (i.e. eight-hour days) during the previous year was selected as the main activity. If an individual reported the same number of hours and full days, the first activity listed was chosen. The sector in which the main activity took place was defined as "main sector of employment".

Overall, over 78 percent of those employed spent the majority of their time in agriculture, 71 percent working as self-employed farmers and 8 percent as agricultural wage laborers. 22 percent were employed outside agriculture, 9.5 percent working as self-employed and 12 percent as wage earners. Women worked predominantly on the farm; their shares of wage employment and self-employment outside agriculture were significantly lower than those of males (Table 2.6).

As expected, Kathmandu and, to a smaller extent, the other urban areas have a much higher share of non-agricultural activities, both wage and self, than rural areas. Among rural areas, the rural Eastern and Central Terai stands out as having a significantly lower share of self-employment in agriculture and higher shares of wage employment in agriculture and self-employment outside agriculture than the average – possibly indicating the beginning of a transition away from subsistence agriculture and into self-employment outside agriculture and wage employment in agriculture. Seen from a different point of view, more than half of all wage employment in agriculture and more than a third of self employment outside agriculture are in the rural Eastern and Central Terai – a reflection of both higher shares and higher population densities in that region. The tabulation by ecological belt does not contain surprises. Perhaps the most interesting feature of the distribution of main sector of employment by per capita consumption quintile is that individuals from all quintiles were involved in self employment in agriculture in roughly equal proportions. Otherwise, the results are as expected: people in the lower quintiles were more likely to be agricultural laborers and less likely to be either wage earners or self-employed outside agriculture than people in the top quintile.

Table 2.1: Activity Status and Unemployment Rates (Based on the Seven Days Preceding the Interview), Population 10 Years and Older, by Gender, Region, Belt, Geographical Group, Consumption Quintile (Percent)

	Employed	Unempl.	Not Active	Total	% Individ.	Participation Rate	Unemploym. Rate
GENDER							
Male	71.0	4.2	24.8	100.0	48	75.2	5.6
Female	63.7	2.8	33.6	100.0	52	66.4	4.1
DEVELOPMENT REGION							
Eastern	64.7	4.5	30.9	100.0	23	69.2	6.4
Central	66.0	3.8	30.2	100.0	35	69.8	5.4
Western	64.9	2.2	32.9	100.0	20	67.2	3.3
Midwest	69.9	3.8	26.3	100.0	13	73.7	5.1
Farwest	78.8	2.0	19.3	100.0	9	80.7	2.4
ECOLOGICAL BELT							
Mountain	79.8	1.7	18.5	100.0	8	81.5	2.1
Hill	67.9	2.6	29.5	100.0	44	70.5	3.7
Terai	64.5	4.5	31.0	100.0	49	69.0	6.5
URBAN	47.3	6.6	46.1	100.0	7	53.9	12.2
Kathmandu	43.7	7.5	48.8	100.0	3	51.2	14.7
Other urban	49.7	6.0	44.3	100.0	4	55.7	10.7
RURAL	68.8	3.2	28.0	100.0	93	72.0	4.4
Eastern Hill/Mtn	73.5	2.0	24.5	100.0	23	75.5	2.6
Western Hill/Mtn	70.1	2.2	27.7	100.0	24	72.3	3.0
Eastern Terai	63.2	5.1	31.7	100.0	29	68.3	7.5
Western Terai	70.3	2.9	26.8	100.0	16	73.2	3.9
CONSUMPTION GROUPS							
First Quintile	70.8	5.0	24.2	100.0	18	75.8	6.6
Second Quintile	68.0	3.5	28.5	100.0	19	71.5	4.8
Third Quintile	66.3	3.7	30.0	100.0	20	70.0	5.3
Fourth Quintile	68.1	2.4	29.5	100.0	21	70.5	3.4
Fifth Quintile	63.6	2.9	33.6	100.0	23	66.4	4.3
NEPAL	67.2	3.4	29.4	100.0	100	70.6	4.9
Number of Individuals					14,649,752		

Table 2.2: Activity Status and Unemployment Rates by Age Category and Educational Attainment
(Percent)

	Employed	Unempl.	Not Active	Total	% Individ.	Participation Rate	Unemploym. Rate
AGE CATEGORY							
10-14	35.5	3.1	61.4	99.9	19	38.6	7.9
15-19	61.2	4.5	34.3	100.0	14	65.7	6.9
20-24	73.2	6.2	20.6	100.0	11	79.4	7.8
25-44	85.4	3.5	11.1	100.0	32	88.9	4.0
45-59	80.5	2.4	17.1	100.0	14	82.9	2.9
60+	49.35	0.63	50.02	100.0	10	50.0	1.3
EDUCATIONAL ATTAINMENT							
Illiterate	73.48	3.28	23.25	100.0	59	76.8	4.3
Some sch.—Literate	54.94	1.49	43.57	100.0	8	56.4	2.6
Compl. Class 3-5	55.18	3.45	41.37	100.0	15	58.6	5.9
Compl. Class 6-10	60.81	4.41	34.78	100.0	16	65.2	6.8
Above Class 10	68.38	6.79	24.83	100.0	3	75.2	9.0
NEPAL	67.2	3.4	29.4	100.0	100	70.6	4.9
Number of individuals	14,649,752						

Table 2.3: Unemployment Rates by Geographical Group and Age Category (Percent)

	10-14	15-24	25-44	45+	Total
URBAN	21.2	21.5	8.6	7.1	12.2
Kathmandu	15.3	27.0	10.0	10.8	14.7
Other urban	22.5	18.2	7.6	4.8	10.7
RURAL	7.5	6.5	3.7	2.2	4.4
Eastern Hill/Mtn	1.1	4.4	3.1	0.2	2.6
Western Hill/Mtn	6.6	5.3	1.8	1.1	3.0
Eastern Terai	14.6	10.6	5.7	5.0	7.5
Western Terai	5.4	5.8	3.3	1.9	3.9
NEPAL	7.9	7.3	4.0	2.4	4.9

Table 2.4: Distribution of Employed Individuals by Number of Hours Worked (Percent)

	up to 19 hours	20-39 hours	40+ hours	Total
URBAN	15.1	22.7	62.3	100
Kathmandu	8.0	24.3	67.8	100
Other urban	19.2	21.8	59.1	100
RURAL	21.9	25.7	52.4	100
Eastern Hill/Mtn	13.4	22.6	64.0	100
Western Hill/Mtn	24.4	27.9	47.8	100
Eastern Terai	26.3	28.8	44.7	100
Western Terai	23.4	21.8	54.8	100
NEPAL	21.52	25.56	52.92	100

Table 2.5: Activity Status and Unemployment Rates (Based on Year Preceding the Interview) by Gender, Region, Belt, Geographical Group, Consumption Quintile (Percent)

	Employed	Unempl.	Not Active	Total	% Individ.	Participation Rate	Unemploym. Rate
GENDER							
Male	78.2	0.9	20.9	100.0	48	79.1	1.1
Female	71.4	1.0	27.7	100.0	52	72.3	1.4
DEVELOPMENT REGION							
Eastern	73.55	0.98	25.47	100.0	23	74.53	1.33
Central	73.40	1.16	25.44	100.0	35	74.56	1.58
Western	71.94	0.50	27.56	100.0	20	72.44	0.69
Midwest	79.54	1.23	19.23	100.0	13	80.77	1.54
Farwest	81.45	0.55	18.0	100.0	9	82.0	0.60
ECOLOGICAL BELT							
Mountain	83.52	0.66	15.82	100.0	8	84.18	0.79
Hill	73.54	0.90	25.56	100.0	44	74.44	1.22
Terai	74.29	1.02	24.68	100.0	49	75.32	1.37
URBAN							
Kathmandu	51.57	4.38	44.05	100.0	7	55.95	8.49
Other urban	48.04	5.29	46.67	100.0	3	53.33	11.01
	53.85	3.79	42.36	100.0	4	57.64	7.03
RURAL							
Eastern Hill/Mtn	76.50	0.67	22.83	100.0	93	77.17	0.87
Western Hill/Mtn	78.75	0.48	20.77	100.0	23	79.23	0.60
Eastern Terai	75.46	0.69	23.84	100.0	24	76.16	0.91
Western Terai	73.78	0.94	25.28	100.0	29	74.72	1.27
	79.82	0.39	19.79	100.0	16	80.21	0.48
CONSUMPTION GROUPS							
First Quintile	80.49	1.21	18.30	100.0	18	81.7	1.5
Second Quintile	76.53	0.64	22.84	100.0	19	77.17	0.83
Third Quintile	74.57	1.18	24.25	100.0	20	75.75	1.58
Fourth Quintile	74.60	0.55	24.85	100.0	21	75.15	0.74
Fifth Quintile	68.61	1.12	30.27	100.0	23	69.73	1.63
NEPAL							
Number of Individuals	74.7	0.9	24.4	100.0	100	75.6	1.2
					14,655,501		

Table 2.6: Main Sector of Employment by Gender, Region, Belt, Geographical Group, Consumption Quintile (Percent)

	Wage in AG	Wage outside AG	Self-empl. in AG	Self-empl. outside AG	Total
GENDER					
Male	13.3	16.3	59.8	10.7	100
Female	11.1	2.7	81.6	4.6	100
DEVELOPMENT REGION					
Eastern	17.3	8.6	66.4	7.8	100
Central	12.3	11.5	66.4	9.8	100
Western	11.1	8.7	72.3	8.0	100
Midwest	10.1	9.6	75.7	4.6	100
Farwest	5.5	6.1	84.8	3.6	100
ECOLOGICAL BELT					
Mountain	8.4	7.5	80.9	3.3	100
Hill	5.9	11.1	75.3	7.7	100
Terai	18.5	8.4	64.7	8.4	100
URBAN	5.2	37.8	26.0	31.0	100
Kathmandu	0.3	53.1	12.6	34.0	100
Other urban	8.0	28.8	33.8	29.3	100
RURAL	12.6	8.0	73.1	6.4	100
Eastern Hill/Mtn	5.1	8.3	81.5	5.1	100
Western Hill/Mtn	7.9	8.9	77.4	5.7	100
Eastern Terai	23.1	7.9	59.8	9.2	100
Western Terai	12.0	6.2	77.5	4.4	100
CONSUMPTION GROUPS					
First Quintile	18.8	7.9	68.8	4.5	100
Second Quintile	14.8	8.3	70.9	6.1	100
Third Quintile	15.5	7.5	70.0	7.0	100
Fourth Quintile	8.0	9.1	76.6	6.4	100
Fifth Quintile	4.7	14.4	66.9	14.0	100
NEPAL	12.2	9.5	70.7	7.7	100
Number of Individuals					10,942,054

Section III

AGRICULTURE

3.1 Background Information

According to the 1991/92 National Sample Census of Agriculture in Nepal (NSCA), there were around 2.7 million agricultural holdings¹ operating over 2.6 million hectares of land (nearly 18 percent of the total area of the country). A majority of farms (about 61 percent) belonged to Khet² land category. Per capita holding area was only 0.14 hectares. Fragmentation of operated land, on the other hand, was high: average number of parcels per holding was more than 4 and average size of a parcel was only 0.24 hectares.

In the NSCA, agricultural holdings were grouped into two categories: land holdings and holdings with no land. Holdings with land were those which cultivated 0.013 hectares or more of land during an agricultural year. Holdings with no land, on the other hand, were those with two or more cattle (or the equivalent of other livestock and poultry birds) and less than 0.013 hectares of land cultivation. Agricultural households mentioned in this section relate to a similar concept as defined for the purpose of the NSCA. Discussions on land and crops data is based on agricultural households with cultivated land (agricultural land households) while that on livestock include all agricultural households with or without land cultivation (agricultural households).

3.2 Characteristics of Household Head

Agricultural holder is the person in an agricultural household who exercises management control over the operations of the holding. In Nepal, the holder is usually the same person as the household head. In the NSCA, 96 percent of the holders were the household heads. The NLSS did not collect separate information on holders. This description relates to the heads of agricultural land households.

Table 3.1 reports selected characteristics of the heads of households having land cultivation. The overwhelming majority of agricultural household heads in the country were men-headed; women-headed agricultural households representing below 15 percent of all agricultural households. Amongst geographical regions, women-headed agricultural households were more common in hills and less prevalent in Tarai. Amongst

¹ For the purpose of the 1991/92 Agricultural Census, an agricultural holding was defined as an economic unit of agricultural production under single management, covering both land and livestock.

² Khet land generally means the low land where water remains on the surface or on the upper soil layer making the land suitable for paddy cultivation.

development regions, the proportion of women-headed households was highest in mid western development region (above 18 percent) and least in eastern region (less than 9 percent). Except for the western rural mountains and hills, women-headed households were more common in the urban Kathmandu valley compared to other rural and urban areas.

The median age of agricultural household heads was around 43 year. Amongst development regions the median age of household heads varied from 41 year in far-west to 45 year in west region. Amongst the geographical regions, median age did not vary much. Similarly, there was not a big difference between the median ages of household heads of rural and urban areas.

The literacy rate of heads of households with land was about 39 percent (which is comparable with the literacy rate of all household heads in the country). The literacy rate was lowest in mid-west region (33 percent) and was highest in eastern region (48 percent). In the mountains, the rate was lowest while it was highest in the hills. The rate was the lowest in the rural west Tarai. Interestingly, the literacy rate was higher in other urban areas than in the urban Kathmandu valley.

3.3 Number of Agricultural Households

A majority of households in Nepal are agricultural households. In 1995/96, agricultural land households represented 83 percent of total households in the country (Table 3.1). The proportion was even higher when all agricultural households were considered. Over 98 percent of households in the mountains operated land, compared with 88 percent in the hills and 76 percent in the Tarai. The proportion of agricultural land households was comparatively higher in eastern parts of the country. In the urban Kathmandu valley some 12 percent of households operated land. Except for eastern rural Tarai, proportion of households operating land was 90 percent and more.

Households operating land were concentrated in the hills and the Tarai (Table 3.2). Of the total households operating land, 48 percent were in the hills compared with 42 percent in the Tarai and only 10 percent in the mountains. In the rural Nepal, highest proportion was in the western mountains and hills.

3.4 Area of Agricultural Land

In terms of area of agricultural land operated, the story is different. Of the total area of all area operated, some 49 percent area belonged to Tarai region (Table 3.2). Amongst the development regions, the eastern region contained the highest proportion of operated land and the proportion decreased towards the western parts of the country. In the urban areas, the proportion of land area operated was only one percent of the total.

Figure 3.1
Distribution of Agricultural Households

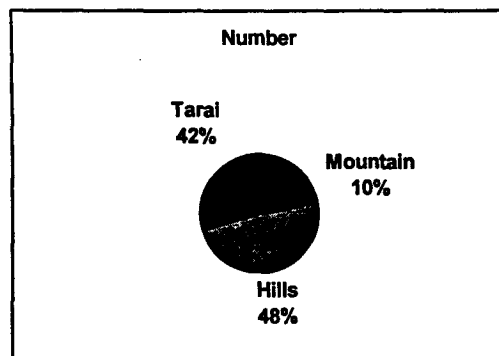
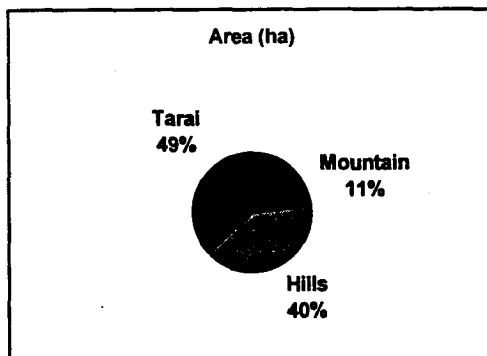


Figure 3.2
Distribution of Area of Land Operated



Figures 4.1 and 4.2 show the distribution of number of agricultural households operating land and area of land operated by geographic region. In the Tarai belt, there were 42 percent of the total agricultural households operating land and they occupy 49 percent of the operated area of the country.

3.5 Size of Agricultural Land

According to the NLSS, average size of farm land for Nepal was 1.09 hectares (Table 3.2); slightly higher than 0.96 hectares reported in the NSCA. Farm sizes tended to be larger in Tarai; the average size in the Tarai was 1.3 hectares while it was only 0.9 hectares in the hills. Farm sizes were smaller in the rural central region of the country. As expected, farm sizes were smaller in urban areas compared with rural areas of the country. One of the reasons for this might be the diversion of agricultural land to other uses in urban areas.

3.6 Land Fragmentation

The number of parcels³ in total operated area by a household gives an indication of land fragmentation. There were an average of 3.8 parcels per agricultural land area operated

³ A parcel is generally defined as a piece of land physically separated from other land belonging to the area operated by a household. A parcel may consist of one or more adjacent plots or field.

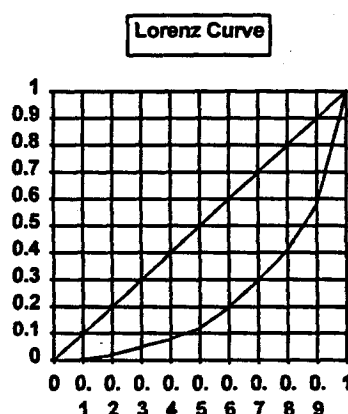
(Table 3.2). Fragmentation was more pronounced in western parts of the country. Amongst geographic regions, fragmentation was highest in the mountains and lowest in the Tarai belt. In rural areas, fragmentation was lower in the east Tarai compared with other parts of the country.

3.7 Land Area Distribution

Table 3.3 reports the distribution of farm size and area of different land category. The distribution of land area is generally analyzed by calculating the concentration index. The concentration index is the area between Lorenz curve and the diagonal as a proportion of the total area under the diagonal. The value of this index varies from zero (when all households have the same area) to unity (when the total agricultural area of a country is operated by one household). Figure 4.3 presents the Lorenz curve for total operated land; the proportion of land is shown on the y-axis and the proportion of agricultural households operating land is shown on the x-axis.

According to the NLSS, the concentration index for the total land operated was 0.54. This reflects the presence of large number of small farms in the country. The bottom 40 percent of agricultural households operated only 9 percent of total agricultural land area (Tables 3.3 and 3.4). The top 6 percent of agricultural households, on the other hand, occupied more than 33 percent of total land. Distributions of Khet land and irrigated land were even more uneven. The concentration indices for Khet area and irrigated area were 0.56 and 0.60 respectively.

Figure 3.3



Index of dissimilarity is another summary measure of the difference between size distributions of number of agricultural households and land area. Indices of dissimilarity of total operated area, Khet area and irrigated area in comparison with the distribution of total agricultural households by farm size were 40.53, 42.91 and 44.67 respectively. Size distributions of Khet area and irrigated area in comparison with total operated area, on the other hand, were 4.56 and 5.57 respectively.

Table 3.4 shows the distribution of agricultural versus non agricultural households by nominal per capita consumption deciles. For agricultural households, proportion was lower for top two deciles compared with non agricultural households. The proportions of households falling in top two deciles together for all households, agricultural households and non agricultural households were 25, 23 and 36 percent respectively.

3.8 Farm Size Distribution

There were 40 percent small farmers (operating less than 0.5 ha of land) and 13 percent large farms (with 2 ha and more land) in the country (Table 3.5). There were more smaller farmers in the hills than in the mountains and the Tarai. The Tarai contained comparatively higher percent of agricultural households operating 2 ha and more area of land. Amongst development regions, far west region contained more small farms compared with other regions. A majority of agricultural households (77 percent) in the Kathmandu valley urban area operated less than 0.5 ha of land.

Table 3.6 presents land area distribution corresponding to the number of agricultural household distribution shown in Table 3.5. The largest 13 percent of agricultural households operated 48 percent of agricultural land in the country. In the Tarai, 20 percent largest farmers occupied more than 55 percent of agricultural land. The condition was not better even in the hills and mountains. In the hills, there were only 7 percent of the total agricultural households each operating 2 ha and more land and the total land operated by them was 36 percent of total land in that belt.

3.9 Land Tenure

Tables 3.7 and 3.8 provide information regarding land tenure status in Nepal. A majority of households in Nepal own agricultural land. Of the total agricultural households 95 percent households owned land in 1995/96. Six percent of the households (owning land) rented out some or all of their land to others on different contractual bases. 29 percent of agricultural households, on the other hand, rented in some land from others and operated together with the land owned by them. About 5 percent of agricultural households operating land did not own any land but operated land owned by others on different contractual bases. Urban areas of the Kathmandu valley contained highest proportion (12 percent) of agricultural households operating rented in land only. In rural areas, the east Tarai had 10 percent of agricultural households which did not operate owned land. Amongst development regions, far western region had no tenants operating rented in land alone.

About 85 percent of agricultural land in the country was owner operated⁴ and 15 percent was rented in from others (Table 3.8). Renting of land was more common in eastern part

⁴ Total operated area = Area owned by household members- Owned area rented out to others + Area rented in from others = Area owned and operated + Area rented in from others.

of the country. Amongst geographic regions, renting of land was more common in Tarai; especially in the east Tarai. Some 7 percent of total operated land was rented out to others. Renting out land was more common in urban areas except for the Kathmandu valley. It was also common in eastern parts of the Tarai. Interestingly, both types of renting (e.g., in and out) were more common in eastern Tarai.

3.10 Crops

Cereals dominate the cropping patterns in Nepal. Rice is the most common and important crop in the country and maize comes in the second position. Wheat cultivation is gaining popularity in recent years. Millet and barley are common in the mountains and the hills. Lentil and soybeans are common legumes grown. Mustard is prominent among major oilseed crops. Potato is another major crop of the mountains and the hills. Winter and summer vegetables are grown in the hills and the Tarai. Different kinds of fruits are grown in different parts of the country.

A majority of agricultural land in Nepal is used for temporary crops. Temporary crops include crops with an under-one-year growing cycle and which must be newly sown or planted for further production after the harvest. In terms of the number of growers, the principal crops in the country are: rice, maize, wheat, millet, green vegetables, potato, mustard, lentil, soy, black gram, barley, chili, cow pea, garlic and onion. Among high value crops, cardamom, ginger, turmeric and vegetable seeds are the most common. Sugarcane is more common in Tarai while tea is planted in eastern hills. Amongst fruits, orange, mango, guava, banana and papaya are the most common. Apple is planted in the high hills.

Table 3.9 presents the percentage of agricultural households cultivating more common crops in the country. In 1995/96, some 76 percent of agricultural households cultivated main paddy. Percentage of maize and wheat growers was 66 for each crop. Some 40 percent of agricultural households were millet and mustard growers. Similarly some 35 percent of agricultural households cultivated winter potato and summer vegetables each. Amongst geographic regions, main paddy, winter potato and mustard were more common in Tarai. Summer maize was more common in the hills compared with the other two belts. Millet was mainly grown in the mountains and hills. Mustard was popular in the east Tarai.

3.11 Irrigation

For the purpose of the NLSS, irrigation refers to purposively providing land with water, other than rain, for crop production (a similar definition of irrigation was adopted in the NSCA). Nearly 40 percent of agricultural land was irrigated; up from 34 percent in 1991/92 (Table 3.2). Amongst development regions, eastern region recorded the highest proportion of irrigated land in the total operated land. The western development region

ranked second in the proportion of land irrigated. Amongst the geographical regions, the proportion of irrigated area varied from a low of 27 percent in the mountains to the high of 47 percent in the Tarai. In rural areas, western Tarai contained highest proportion of agricultural land irrigated.

3.12 Improved Seeds

Only a small portion of farmers use improved seeds. Improved seeds⁵ reported in the NLSS was the improved varieties supplied mainly by the Agricultural Inputs Corporation (AIC) of Nepal. Figures from the NSCA are not comparable due to differences in definitions. According to the NLSS, improved seeds were more common for wheat and winter vegetables. Except for vegetable crops, use of improved seeds was more prevalent in the eastern parts of the country (Table 3.10). The percentage of farmers using improved seeds was 5, 8, 8 and 10 for main paddy, wheat, winter potato and winter vegetable crops.

3.13 Chemical Fertilizers

Percent of growers using chemical fertilizers is presented in Table 3.11. For the purpose of the survey, the "use" was limited to fertilizers purchased over an agricultural year and it excluded fertilizers received from land owner and other sources (e.g., barter). Hence, these data are not strictly comparable with the NSCA data.

About 55 percent of rice growers in Nepal used chemical fertilizers in 1995/96 (Table 3.11). Some 67 percent of rice growers in Tarai used fertilizers compared with 47 percent in the hills and 26 percent in the mountains. Use of fertilizers in rice cropping was most common in central region, especially in the Kathmandu valley and least prevalent in far west region.

Almost one half of wheat growers and about a quarter of summer maize growers used chemical fertilizers in the respective crops. A majority (90 percent) of wheat growers in the urban Kathmandu valley used chemical fertilizers. About 14 percent of winter potato growers used fertilizers.

Except for maize, chemical fertilizers were more extensively used in the Tarai. Except for mustard, farmers in central region used more fertilizers while the use was least in the far west region.

3.14 Equipment

⁵ Seeds that the farmers kept from last year's harvest were not included in "improved variety" even if the farmer at one point had purchased "improved variety" seeds.

Mechanization of agriculture in Nepal is at a very low level. Some 64 percent of agricultural households with land owned the most common agricultural implement - a plough (Table 3.12). On the day of enumeration, less than one percent of agricultural households with land owned tractor. Similarly, nearly one percent of farmers owned a thresher. 3 percent of farmer households owned pumping sets. About 16 percent of farmers had bins and containers for grain storage.

3.15 Livestock Raising

Livestock is an integral part of Nepali farming system. A majority of agricultural households keep livestock. Livestock ownership is high in the mountains. The overall density of livestock per hectare of cultivated land is very high. Cattle are most common followed by goats and sheep. Chaunri and yak are raised in the mountains. The average number of livestock per agricultural household is comparable to the average household size. Poultry farming on commercial basis is relatively new enterprise in Nepal.

Table 3.13 reports the percent of households with livestock and poultry. Table 3.14 presents the herd size while Table 3.15 presents the proportion of households by number of livestock head. A comparison of Table 3.2 with Table 3.16 reveals that the distribution pattern of households with cattle closely follows the distribution pattern of agricultural households.

Some 73 percent of agricultural households kept cattle (Table 3.13) in 1995/96. Cattle ownership was significantly high in the mountains; 85 percent of agricultural households in the mountain kept cattle compared with 72 percent in each of the other two belts. Similarly, cattle ownership was high in central and western development regions, compared with other regions.

Buffaloes were more common in the hills compared with the other two belts. Amongst development regions, buffalo ownership was more prevalent in western region, particularly in the western mountains and hills (69 percent). Eastern region had the lowest rate (43 percent) of buffalo ownership.

Goats and sheep were common throughout the country; slightly more prevalent in the hills. In eastern parts of the country, the ownership rate was relatively high. Pigs were also kept throughout the three geographical regions. Piggeries were more common, however, in eastern mountains and hills. Pig ownership was low in the central and the western regions. Eastern mountains and hills and western Tarai were significantly notable for pig raising.

Poultry birds keeping was more common in the hills; 57 percent of agricultural households in the hills kept poultry birds, compared with only 42 percent of households

in the Tarai. Compared with other livestock ownership, poultry birds were more common in the Kathmandu valley.

The average herd sizes of cattle, buffalo and goat and sheep were 3.3, 2.2 and 4.1 respectively (Table 3.14). Cattle herd size was higher in mid and far western regions. The herd size for each of cattle, buffalo, goat and sheep and pig was relatively high in the mid west region. Average number of poultry birds was highest in the Tarai and lowest in the mountains. Cattle and buffalo herd sizes were relatively high in western Tarai while goat and sheep herd size was highest (4.9) in east Tarai.

Table 3.1: Selected Characteristics of Agricultural Land Household Heads

	Percent of Agricultural Households with Land	Percent of Women- headed Households	Literacy of Agricultural Household Heads	Literacy of All Household Heads	Median Age (yr.) of Agri. Household Heads
DEVELOPMENT REGION					
Eastern	76.35	8.96	47.99	44.52	45
Central	77.94	8.15	34.82	38.54	44
Western	89.73	18.21	43.13	42.17	45
Midwest	89.95	15.54	33.03	32.22	42
Farwest	96.80	13.70	34.12	34.57	41
ECOLOGICAL BELT					
Mountain	98.04	13.64	30.12	30.12	43
Hill	87.97	16.46	42.65	45.65	44
Tarai	75.59	6.69	37.27	35.22	44
URBAN					
Kathmandu	12.04	13.25	52.83	79.61	44.5
Other urban	45.98	11.34	69.00	62.84	45
RURAL					
Eastern Mountain/ Hill	94.96	10.91	40.86	41.85	44
Western Mountain/Hill	94.67	20.53	39.75	39.58	43
Eastern Tarai	72.78	5.58	37.34	34.52	45
Western Tarai	89.04	8.43	33.00	30.44	45
TOTAL	83.10	12.10	39.19	39.58	43

Table 3.2: Selected Characteristics of Agricultural Land

	Agricultural Land Households	Area of Agricultural Land	Percent of Area Irrigated	Average Size of Agricultural Land (ha)	Average Number of Parcels
DEVELOPMENT REGION					
Eastern	21.43	27.64	50.72	1.43	2.78
Central	32.97	26.06	31.00	0.81	3.46
Western	22.32	18.48	40.10	0.87	4.55
Midwest	13.16	14.32	37.79	1.21	4.93
Farwest	10.13	13.50	34.55	1.41	4.84
ECOLOGICAL BELT					
Mountain	9.69	10.73	27.04	1.22	5.46
Hill	48.51	40.23	34.36	0.89	3.80
Tarai	41.80	49.04	46.62	1.29	3.34
URBAN					
Kathmandu	0.43	0.15	52.71	0.41	1.83
Other urban	2.41	1.94	49.34	0.75	2.15
RURAL					
Eastern Mountain/Hill	27.01	24.87	39.12	1.03	3.71
Western Mountain/Hill	30.01	25.54	26.64	1.00	5.08
Eastern Tarai	25.22	27.33	42.89	1.19	2.85
Western Tarai	14.93	20.17	51.03	1.50	4.31
TOTAL	100.00	100.00	39.59	1.09	3.76

Table 3.3: Distribution of Agricultural Land Households and Area of Land

Farm size	Number of Agricultural Households	Area of Agricultural Land	Area of Khet (Wet) Land	Area of Irrigated Land
Under 0.1 ha	6.44	0.28	0.17	0.17
0.1 - 0.2 ha	9.87	1.26	1.08	0.77
0.2 - 0.5 ha	23.59	7.10	5.87	5.01
0.5 - 1.0 ha	26.24	16.96	16.13	15.51
1.0 - 2.0 ha	20.98	26.56	28.03	24.83
2.0 - 3.0 ha	6.67	14.76	15.63	15.15
3.0 - 4.0 ha	2.38	7.34	8.36	7.60
4.0 - 5.0 ha	1.67	6.75	7.43	9.39
5.0 - 10.0 ha	1.61	10.14	10.67	10.62
10.0 ha & over	0.55	8.84	6.64	10.94
Total	100.00	100.00	100.00	100.00

Table 3.4: Distribution of Number of Households by Nominal Per-Capita Consumption Decile

Decile	All Households	Non Agricultural Households	Agricultural Households		All
			With Land	Without Land	
I	8.36	7.27	8.64	5.05	8.55
II	8.68	7.72	8.57	18.69	8.84
III	8.34	7.32	8.49	9.33	8.52
IV	8.82	6.67	9.28	5.87	9.19
V	9.57	7.39	9.77	16.45	9.95
VI	10.21	9.85	10.37	6.67	10.27
VII	10.90	8.40	11.41	8.70	11.38
VIII	10.42	9.58	10.74	4.20	10.56
IX	11.82	9.53	12.35	7.35	12.22
X	12.87	26.26	10.38	17.68	10.57
Total	100.00	100.00	100.00	100.00	100.00

Table 3.5: Distribution of Agricultural Households with Land

	Size			Total
	Less than 0.5 ha	0.5 ha to 2.0 ha	2.0 ha and over	
DEVELOPMENT REGION				
Eastern	28.75	51.70	19.55	100.00
Central	44.20	47.14	8.66	100.00
Western	43.54	46.72	9.74	100.00
Midwest	38.12	45.53	16.35	100.00
Farwest	46.15	39.51	14.34	100.00
ECOLOGICAL BELT				
Mountain	41.60	44.30	14.10	100.00
Hill	45.81	47.57	6.62	100.00
Tarai	33.18	47.07	19.75	100.00
URBAN				
Kathmandu	77.47	21.40	1.13	100.00
Other urban	56.55	32.51	10.94	100.00
RURAL				
Eastern Mountain/Hill	39.33	52.65	8.02	100.00
Western Mountain/Hill	49.30	42.74	7.97	100.00
Eastern Tarai	35.23	46.33	18.43	100.00
Western Tarai	27.64	49.85	22.52	100.00
TOTAL	40.13	47.04	12.82	100.00

Table 3.6: Distribution of Agricultural Land Area

	Size			Total
	Less than 0.5 ha	0.5 ha to 2.0 ha	2.0 ha and over	
DEVELOPMENT REGION				
Eastern	5.08	39.31	55.61	100.00
Central	12.10	53.70	34.20	100.00
Western	11.53	50.08	38.39	100.00
Midwest	7.85	37.97	54.18	100.00
Farwest	7.36	29.09	63.56	100.00
ECOLOGICAL BELT				
Mountain	9.03	34.88	56.09	100.00
Hill	12.41	51.45	36.13	100.00
Tarai	5.80	38.81	55.39	100.00
URBAN				
Kathmandu	32.86	54.91	12.23	100.00
Other urban	13.95	34.31	51.74	100.00
RURAL				
Eastern Mountain/Hill	10.12	53.01	36.87	100.00
Western Mountain/Hill	12.91	42.91	44.17	100.00
Eastern Tarai	6.60	40.66	52.74	100.00
Western Tarai	4.30	37.05	58.65	100.00
TOTAL	8.81	43.48	47.72	100.00

Table 3.7: Percentage of Households with Owned Land, Renting-out Land and Renting-in Land

	Percent of Households with Owned Agricultural Land	Percent of Households Renting - out Land	Percent of Households Renting - in Land	Percent of Households Renting - in Land only
DEVELOPMENT REGION				
Eastern	95.48	7.90	34.50	4.52
Central	92.09	4.12	32.56	7.91
Western	96.49	6.54	24.54	3.51
Midwest	96.89	9.93	27.93	3.11
Farwest	100.00	5.44	13.94	0.00
ECOLOGICAL BELT				
Mountain	97.36	6.19	26.48	2.64
Hill	97.47	6.23	22.58	2.53
Tarai	92.15	6.57	36.30	7.85
URBAN				
Kathmandu	87.56	8.85	48.06	12.44
Other urban	93.86	12.71	16.97	6.14
RURAL				
Eastern Mountain/Hill	97.03	5.11	28.70	2.97
Western Mountain/Hill	98.11	7.13	17.97	1.89
Eastern Tarai	89.73	5.86	39.00	10.27
Western Tarai	95.93	6.88	34.16	4.07
TOTAL	95.23	6.37	28.69	4.77

Table 3.8: Percentage of Owned Land, Rented-out Land and Rented-in Land

		Owned and Operated Land as a Percent of Total Operated Land	Rented - In Land as a Percent of Total Operated Land	Owned and Operated Land as a percent of Total Owned Land	Rented-Out Land as a Percent of Total Owned Land
DEVELOPMENT REGION					
Eastern		78.18	21.82	87.51	12.49
Central		84.55	15.45	94.93	5.07
Western		86.26	13.74	95.81	4.19
Midwest		83.67	16.33	94.31	5.70
Farwest		97.35	2.65	96.38	3.62
ECOLOGICAL BELT					
Mountain		89.43	10.57	97.02	2.98
Hill		89.09	10.91	95.91	4.09
Tarai		80.07	19.93	90.02	9.98
URBAN					
Kathmandu		80.40	19.60	95.73	4.27
Other urban		86.76	13.24	73.73	26.27
RURAL					
Eastern Mountain/Hill		84.57	15.43	96.21	3.79
Western Mountain/Hill		93.67	6.33	96.10	3.90
Eastern Tarai		78.18	21.82	87.06	12.94
Western Tarai		82.19	17.81	96.54	3.46
TOTAL		84.70	15.30	93.21	6.80

Table 3.9: Percentage of Agricultural Households Cultivating Selected Crops¹

	Main Paddy	Summer Maize	Wheat	Millet	Winter Potato	Mustard	Summer Vegetables
DEVELOPMENT REGION							
Eastern	76.84	55.08	54.12	45.06	38.43	25.24	42.47
Central	70.79	56.86	60.08	37.40	30.38	35.43	30.09
Western	75.52	65.82	64.54	51.58	39.45	43.88	45.01
Midwest	78.83	92.04	83.57	31.50	43.18	65.38	28.88
Farwest	88.74	88.44	94.72	50.09	27.51	46.33	26.84
ECOLOGICAL BELT							
Mountain	70.62	84.79	74.33	83.30	27.55	27.59	46.08
Hill	68.54	92.01	57.65	64.37	25.78	35.02	41.92
Tarai	85.94	92.20	74.40	8.17	48.67	49.08	25.85
URBAN							
Kathmandu	72.25	35.50	47.43	0.00	33.99	6.81	33.23
Other urban	65.63	57.61	39.98	19.80	18.79	29.07	26.06
RURAL							
Eastern Mountain/Hill	65.84	89.72	46.76	69.53	27.72	30.29	46.12
Western Mountain/Hill	72.19	92.74	73.93	67.07	24.61	37.77	39.40
Eastern Tarai	81.49	20.50	71.17	11.33	40.82	32.63	24.24
Western Tarai	94.67	50.47	83.53	3.17	65.37	78.40	29.76
TOTAL	76.02	66.31	66.40	42.71	35.52	40.18	35.60

¹ Data are based on the 1994/95 agricultural census.

Table 3.10: Percentage of Growers using Improved Seeds in Selected Crops

	Main Paddy	Wheat	Summer Maize	Winter Potato	Mustard	Winter Vegetables	Summer Vegetables
DEVELOPMENT REGION							
Eastern	1.30	11.44	2.71	6.39	0.07	1.95	0.76
Central	5.73	9.20	6.88	11.97	5.03	16.54	7.79
Western	7.54	8.23	5.17	8.87	3.92	9.48	8.73
Midwest	7.12	6.29	2.67	3.61	0.00	11.56	5.76
Farwest	2.25	2.69	2.97	0.00	0.91	0.00	1.45
ECOLOGICAL BELT							
Mountain	1.78	5.93	4.00	3.90	0.00	0.78	0.55
Hill	5.03	5.08	4.34	7.10	1.46	7.92	7.07
Tarai	5.48	11.00	5.14	8.45	3.75	15.04	4.77
URBAN							
Kathmandu	2.20	0.00	5.01	4.68	0.00	17.32	13.20
Other urban	5.87	12.01	12.64	3.74	10.36	11.63	16.46
RURAL							
Eastern Mountain/Hill	3.88	5.66	4.59	8.18	1.57	5.96	4.14
Western Mountain/Hill	4.95	5.05	3.97	4.82	1.03	7.18	6.98
Eastern Tarai	3.71	13.11	6.22	10.67	4.74	18.62	4.81
Western Tarai	8.06	7.85	3.10	6.36	2.65	10.43	4.97
TOTAL	4.95	7.96	4.46	7.63	2.53	9.97	5.56

Table 3.11: Percentage of Growers using Fertilizers in Selected Crops

	Main Paddy	Wheat	Summer Maize	Winter Potato	Mustard	Winter Vegetables	Summer Vegetables
DEVELOPMENT REGION							
Eastern	39.50	49.25	25.24	11.18	9.30	5.29	1.58
Central	77.86	64.91	51.72	22.20	14.40	11.21	8.33
Western	64.22	60.47	22.31	15.37	19.38	6.17	3.93
Midwest	42.45	28.53	9.51	7.41	9.21	6.25	3.58
Farwest	17.87	19.47	7.37	0.00	8.49	2.46	1.27
ECOLOGICAL BELT							
Mountain	26.45	13.32	35.82	6.51	4.36	0.00	0.00
Hill	47.49	36.12	29.39	13.90	8.21	6.59	4.46
Tarai	66.55	67.96	12.67	14.77	18.33	10.44	5.83
URBAN							
Kathmandu	86.52	90.06	17.26	58.88	0.00	27.92	37.87
Other urban	51.16	55.06	38.35	17.80	24.85	11.73	16.89
RURAL							
Eastern Mountain/Hill	53.42	44.88	46.79	15.51	15.13	5.76	4.67
Western Mountain/Hill	34.90	23.28	15.58	8.66	2.09	4.95	1.69
Eastern Tarai	69.19	68.29	16.59	17.72	9.48	13.34	5.32
Western Tarai	64.79	68.02	8.97	11.55	24.30	6.02	6.09
TOTAL	54.60	48.62	26.79	13.85	13.13	7.45	4.32

Table 3.12: Percentage of Agricultural Households using Selected Equipment

	Plough	Tractor	Thresher	Pumpset	Bin
DEVELOPMENT REGION					
Eastern	68.69	0.29	0.91	2.03	12.29
Central	52.30	0.73	0.39	2.09	32.75
Western	61.42	0.96	1.70	2.63	6.65
Midwest	80.13	1.14	0.00	1.66	2.86
Farwest	76.11	0.43	1.12	6.63	4.84
ECOLOGICAL BELT					
Mountain	71.25	0.00	0.00	0.00	13.48
Hill	57.77	0.68	0.03	0.28	9.06
Tarai	69.27	0.92	1.92	5.90	24.11
URBAN					
Kathmandu	0.00	2.61	0.95	1.89	35.05
Other urban	33.62	0.00	1.55	1.43	18.29
RURAL					
Eastern Mountain/Hill	56.22	0.33	0.00	0.30	16.05
Western Mountain/Hill	65.13	0.76	0.00	0.15	3.62
Eastern Tarai	63.78	0.80	1.16	4.11	34.56
Western Tarai	82.09	1.22	3.23	9.36	7.06
TOTAL	63.88	0.71	0.82	2.60	15.78

Table 3.13: Percentage of Agricultural Households with Livestock and Poultry

	Households With				
	Cattle	Buffalo	Goat-Sheep	Pig	Poultry
DEVELOPMENT REGION					
Eastern	81.21	42.97	62.59	23.60	64.68
Central	65.11	47.97	56.44	5.58	43.13
Western	66.29	68.18	47.04	5.48	51.04
Midwest	83.92	50.04	46.20	17.79	61.00
Farwest	86.66	56.13	43.18	11.54	22.41
ECOLOGICAL BELT					
Mountain	84.75	46.45	50.04	10.95	47.93
Hill	72.47	63.01	54.86	12.27	57.19
Tarai	72.10	42.07	51.72	11.19	42.26
URBAN					
Kathmandu	4.16	6.82	4.01	0.00	18.22
Other urban	63.74	30.94	38.03	1.02	25.39
RURAL					
Eastern Mountain/ Hill	75.14	52.23	65.24	20.02	69.02
Western Mountain/Hill	75.63	69.00	45.20	5.27	44.63
Eastern Tarai	69.39	41.35	54.32	6.48	36.21
Western Tarai	77.10	44.77	48.77	20.65	55.31
TOTAL	73.47	52.43	53.05	11.68	49.89

Table 3.14: Average Number of Head Per Agricultural Household with Livestock

	Average Number of Head				
	Cattle	Buffalo	Goat-Sheep	Pig	Poultry
DEVELOPMENT REGION					
Eastern	3.5	2.0	3.9	1.9	7.4
Central	2.7	2.0	3.6	1.3	7.0
Western	2.9	2.2	3.5	1.4	7.2
Midwest	4.5	2.5	6.2	1.9	7.6
Farwest	3.8	2.4	5.4	1.6	8.4
ECOLOGICAL BELT					
Mountain	3.8	2.3	5.4	1.3	5.9
Hill	3.2	2.1	4.4	1.6	6.2
Tarai	3.4	2.2	3.5	1.9	9.3
URBAN					
Kathmandu	8.0	1.5	2.6	0.0	5.6
Other urban	2.2	2.1	3.6	1.8	9.5
RURAL					
Eastern Mountain/ Hill	3.3	2.1	4.3	1.5	5.9
Western Mountain/Hill	3.4	2.2	4.9	1.6	6.5
Eastern Tarai	2.9	1.9	3.1	2.2	9.6
Western Tarai	4.1	2.7	4.4	1.8	8.9
TOTAL	3.3	2.2	4.1	1.7	7.3

Table 3.15: Distribution of Agricultural Households with Livestock by Number of Head

Number of Head	Households With				
	Cattle	Buffalo	Goat & Sheep	Pig	Poultry Birds
1 - 2	52.57	72.59	45.19	88.38	23.83
3 - 5	32.75	25.24	36.44	8.92	31.06
6 - 9	11.23	1.96	12.35	1.35	18.59
9 and over	3.45	0.20	6.03	1.35	26.53
TOTAL	100.00	100.00	100.00	100.00	100.00

Table 3.16: Distribution of Agricultural Households with Livestock and Poultry

	Households With				
	Cattle	Buffalo	Goat-Sheep	Pig	Poultry
DEVELOPMENT REGION					
Eastern	24.16	17.91	25.79	44.16	28.33
Central	29.27	30.22	35.14	15.79	28.56
Western	20.02	28.85	19.67	10.40	22.70
Midwest	14.93	12.48	11.38	19.91	15.99
Farwest	11.62	10.55	8.02	9.74	4.43
ECOLOGICAL BELT					
Mountain	10.91	8.38	8.92	8.86	9.08
Hill	46.87	57.10	49.13	49.91	54.47
Tarai	42.23	34.52	41.95	41.23	36.45
URBAN					
Kathmandu	0.03	0.06	0.03	0.00	0.16
Other urban	2.21	1.50	1.82	0.22	1.29
RURAL					
Eastern Mountain/ Hill	27.04	26.33	32.51	45.31	36.58
Western Mountain/Hill	30.20	38.61	25.00	13.24	26.25
Eastern Tarai	24.66	20.59	26.74	14.49	18.95
Western Tarai	15.87	12.91	13.90	26.73	16.77
TOTAL	100.00	100.00	100.00	100.00	100.00

Section IV

WAGE EMPLOYMENT

In addition to investigating the activity status of the household members the survey had a separate section that collected additional information on wage employment. The section on Activity Status (Table 2.6, page 20) provides the distribution of employed population ten years and older classified according to categories of wage employment and self employment. And according to the table wage earners constitute around 20 percent of the total population employed. Of these, 11 percent are in Agriculture and 9 percent in non-agriculture. The composition by gender reveal that out of the total employed 29 percent wage earners are males and 12 percent females. The distribution of wage earners by gender in agriculture is closer (12 percent male and 9 percent female) but wider (16 percent male and 3 percent female) in non-agriculture.

4.1. Wage Employment by Main Sector

Table 4.1 presents the distribution of wage employment by agriculture and non-agriculture. The share of male wage earners in non-agriculture (57 percent) is comparatively higher compared to those engaged in agriculture (43 percent). The reverse is the case regarding female participation and the gap wider with 77 percent wage earners in agriculture and 23 percent in non-agriculture.

Participation by age group indicate that the largest share (79 percent) of wage earners in agriculture came from the age group 10-14. In non- agriculture the largest share (52 percent) of wage earners belong to the age group 15-24. Similarly, participation of wage earners in the non-agriculture sector by ecological belts show that the hills represent the highest share (67 percent). Urban participation of wage earners (89 percent) in non-agriculture is more than twice that in the rural areas (42 percent). In agriculture, the rural participation at 58 percent is five times more than that in the urban areas (11 percent).

The distribution of wage earners are presented column-wise in Table 4.2 The distribution of wage earners in agriculture by sex indicates that 58 percent are males and 42 percent females. Outside agriculture, the gap is wider and highly in favor of males; the figures indicate that there are about seven times as many male wage earners as there were female wage earners. More than 50 percent of wage earners in both the agriculture and non-agriculture sectors are found coming from 25-44 age group. The proportion of wage earners outside agriculture by ecological belts show that the hills provide the largest share (51 percent), followed by Terai (42 percent) and the Mountains (7 percent). Almost the entire share of agricultural wage earners come from the rural areas (98 percent), whereas urban areas provide only a small share (2 percent). In totality, the rural areas also provide the majority (79 percent) of wage earners in the non-agriculture sector. The remaining 21 percent wage earners in non-agriculture come from the urban areas.

4.2 Distribution by Industry :

Table 4.3 presents the distribution of wage earners outside agriculture by industry. Unfortunately, there are not enough observations in the sample to consider this distribution representative; nonetheless, the figures are presented here because of interest.

The three prominent industrial sectors outside agriculture employ a significant number of wage earners: Construction (30 percent), Personal and community services (25 percent) and Manufacturing (21 percent). Other important industries having a substantial share of wage earners are Trade and Transport (8 and 6 percent respectively). It is worth noting that female wage earners are prominent in two industries, Manufacturing and Personal and community services. Female participation in personal and community services are usually encouraged and this could be the reason for it being high. Likewise, the wider coverage of informal sector in this survey may have made it possible to detect a high female participation in the manufacturing sector.

4.3 Basis of Wage Payment

Table 4.4 presents the distribution of wage earners by mode of payment - daily wage or other, including piecemeal, contract or monthly salary. In agriculture, the overwhelming majority of the wage earners are paid on a daily basis (98 percent). The picture is a bit different in the non-agriculture sector, but still a majority of wage earners are paid on a daily basis (65 percent); compared to agriculture, though, the proportion in the other category is substantially high (35 percent).

4.4 Wage Rates :

Wage rates by cash and kind are presented in Table 4.5. Once again, the small number of observations in some of the categories means that these averages may not be representative; nonetheless they are interesting. The table indicates that average wage rates differ significantly between agriculture (Rs. 40) and non-agriculture (Rs. 74). This is also true in all the regions. In the urban areas the rates are Rs.48 and Rs. 83, while in the rural areas the rates are Rs. 40 and Rs. 73. Similar differences are found in the Mountains, Hills and Terai. The table also presents the composition of wage rates in cash and kind. Wage components in kind are common in both agriculture and non-agriculture. The difference in the two lies in the size of share. While the share of in-kind payment in agriculture is around 48 percent, the share in non-agriculture is just 37 percent.

Table 4.1: Percentage Distribution of Wage Earners by Main Sector of Activity, Row-Wise.

	Wage in agriculture	Wage in non -agriculture	Total
SEX			
Male	43.01	56.99	100.00
Female	77.49	22.51	100.00
Age Group			
10-14	79.00	21.00	100.00
15-24	47.90	52.10	100.00
25-44	51.64	48.36	100.00
45-59	56.62	43.38	100.00
60 +	59.32	40.68	100.00
Ecological Belt			
Mountain	54.90	45.10	100.00
Hill	33.48	66.52	100.00
Terai	65.00	35.00	100.00
URBAN	11.44	88.56	100.00
Kathmandu	0.68	99.32	100.00
Other urban	20.22	79.78	100.00
RURAL	57.96	42.04	100.00
R-W Hill	45.43	54.57	100.00
R-E Hill	38.55	61.45	100.00
R-W Terai	63.81	36.19	100.00
R-E Terai	71.43	28.57	100.00
Total	52.76	47.24	100.00

Table 4.2 : Percentage Distribution of Wage Earners by Main Sector of Activity,
Column-Wise.

	Wage in agriculture	Wage in non -agriculture	Total
SEX			
Male	58.47	86.53	71.72
Female	41.53	13.47	28.28
Age Group			
10-14	5.81	1.73	3.88
15-24	23.22	28.21	25.58
25-44	50.91	53.25	52.02
45-59	16.22	13.88	15.11
60 +	3.84	2.94	3.42
Ecological Belt			
Mountain	7.49	6.87	7.20
Hill	23.17	51.42	36.52
Terai	69.34	41.70	56.28
URBAN			
Kathmandu	2.43	20.97	11.19
Other urban	0.07	10.57	5.03
	2.36	10.40	6.16
RURAL			
Western Hill/Mountain	97.57	79.03	88.81
Western Hill/Mountain	17.96	24.10	20.86
Eastern Hill/Mountain	12.13	21.60	16.60
Western Terai	17.11	10.84	14.15
Eastern Terai	50.37	22.50	37.20
Total	100.00	100.00	100.00

Table 4.3- Distribution of Wage Earners by Industry.

	Mining	Manufact	Electric	Construc	Trade	Transpor	Finance	Personal	Other	Total
DEVELOPMENT REGION										
Eastern	2.04	19.89	1.73	20.22	10.33	13.82	0.00	22.12	9.84	100.00
Central	0.85	25.68	0.96	28.00	7.25	6.27	1.76	23.54	5.70	100.00
Western	0.43	14.80	0.97	32.66	5.30	2.68	0.58	28.22	14.36	100.00
Midwest	0.32	22.02	3.05	41.99	4.23	2.01	0.00	25.36	1.02	100.00
Farwest	0.67	14.92	2.61	36.29	15.45	0.67	0.72	26.34	2.33	100.00
ECOLOGICAL BELT										
Mountain	0.41	13.81	0.00	47.77	9.92	10.19	0.00	16.86	1.03	100.00
Hills	0.81	17.25	0.99	29.34	9.22	6.03	1.47	27.23	7.66	100.00
Terai	1.25	27.64	2.63	25.71	6.07	5.46	0.33	23.11	7.80	100.00
OTHER GROUP										
Kathmandu	0.00	19.99	3.08	12.28	7.87	8.27	4.59	38.30	5.63	100.00
Other urban	0.00	14.35	2.33	8.81	11.08	15.54	0.82	31.37	15.70	100.00
W-Hill	0.42	15.35	0.70	37.65	8.76	1.36	0.00	28.55	7.21	100.00
E-Hill	1.28	17.12	0.29	33.16	10.45	11.59	1.42	19.34	5.37	100.00
W-Terai	0.60	21.89	4.46	40.30	3.87	1.86	1.18	20.59	5.25	100.00
E-Terai	1.82	33.29	1.84	22.87	5.78	4.60	0.00	22.16	7.63	100.00
URBAN OR RURAL										
URBAN	0.00	17.19	2.71	10.55	9.46	11.88	2.72	34.86	10.63	100.00
RURAL	1.09	21.73	1.39	32.56	7.79	5.38	0.58	22.96	6.52	100.00
SEX										
MALE	1.00	20.78	1.62	31.34	8.20	6.86	0.84	22.38	6.97	100.00
FEMALE	0.55	23.79	1.13	17.94	6.60	1.59	0.99	39.83	7.58	100.00
Total	0.95	21.15	1.56	29.72	8.00	6.22	0.86	24.50	7.05	100.00

Table 4.4: Distribution of Wage Earners by Mode of Payment.

Paid on daily basis						
DEVELOPMENT REGION	Agriculture sector			Non-agriculture sector		
	YES	NO	Total			
Eastern	98.84	1.16	100.00	77.54	22.46	100.00
Central	98.53	1.47	100.00	54.76	45.24	100.00
Western	99.14	0.86	100.00	63.01	36.99	100.00
Midwest	91.09	8.91	100.00	73.11	26.89	100.00
Farwest	93.56	6.44	100.00	70.45	29.55	100.00
ECOLOGICAL BELT						
Mountain	100.00	0.00	100.00	86.85	13.15	100.00
Hills	99.17	0.83	100.00	60.09	39.91	100.00
Terai	96.79	3.21	100.00	65.88	34.12	100.00
2 URBAN - 4 RURAL						
Kathmand	100.00	0.00	100.00	18.27	81.73	100.00
Oth urban	99.33	0.67	100.00	40.13	59.87	100.00
R-W Hill	99.51	0.49	100.00	73.37	26.63	100.00
R-E Hill	99.27	0.73	100.00	68.56	31.44	100.00
R-W Terai	92.50	7.50	100.00	65.47	34.53	100.00
R-E Terai	98.36	1.64	100.00	72.07	27.93	100.00
URBAN / RURAL						
Urban	99.37	0.63	100.00	29.18	70.82	100.00
Rural	97.70	2.30	100.00	70.46	29.54	100.00
SEX						
Male	97.25	2.75	100.00	66.56	33.44	100.00
Female	98.31	1.69	100.00	53.19	46.81	100.00
Total	97.72	2.28	100.00	65.07	34.93	100.00

Table 4.5: Average Daily Wages in Cash / Kind Received by Wage Earners.

DEVELOPMENT REGION	(in Rs)					
	Agriculture sector			Non-agriculture sector		
	Cash	Kind	Total	cash	Kind	Total
Eastern	24.49	17.87	37.83	59.65	24.60	66.70
Central	39.55	19.61	37.48	76.10	24.29	84.61
Western	33.13	17.36	40.50	63.03	24.89	70.63
Midwest	36.92	24.28	52.00	59.86	33.19	70.52
Farwest	39.45	24.56	52.22	56.43	39.31	69.11
ECOLOGICAL BELT						
Mountain	32.05	15.80	45.22	71.21	35.68	82.90
Hills	32.45	14.78	44.51	71.89	28.19	80.45
Terai	32.87	21.83	37.61	55.82	23.76	63.89
OTHER GROUP						
Kathmand	73.99	15.23	88.08	113.18	46.46	121.28
Oth urban	38.94	17.22	44.71	62.10	15.41	65.42
R-W Hill	35.61	18.46	49.10	64.38	35.55	76.14
R-E Hill	29.06	12.35	40.31	76.31	23.87	83.14
R-W Terai	34.45	21.84	41.09	51.47	22.93	57.85
R-E Terai	31.82	21.87	36.23	57.83	24.86	67.31
URBAN / RURAL						
Urban	41.28	16.95	47.51	78.53	21.15	82.96
Rural	32.45	19.27	40.12	64.45	27.46	73.43
SEX						
Male	37.64	20.72	44.38	66.65	26.95	75.72
Female	26.75	17.48	35.10	50.93	29.71	56.69
Total	32.62	19.25	40.23	65.27	27.15	73.99

Section V

NON-FARM ECONOMIC ACTIVITIES

The distribution of households with non-farm enterprises is given in table 5.1. In total around 24 percent of the households are found to be operating non-farm enterprises. The shares of such households in the Hills and Terai are found almost identical at 25 percent; the Mountains have a smaller share of 17 percent. According to development regions the central has the highest proportion (29 percent) and the mid-west has the lowest (18 percent). The urban share of households with non-farm enterprises at 41 percent is twice that of rural areas at 20 percent.

5.1 Activities by Industry:

According to different types of industry (Table 5.1) the largest proportion (52 percent) of activities are found to be in trade. Trade is prominent among non-farm activities in both the urban and rural part of the country. This is equally true in most of the regions excluding the mountains in the north and the far west development region. The proportion of trade activities is also found to rise with quintiles. Only in the lowest quintile the share of activities in manufacturing surpasses that of trade. One possible explanation is that poor people often tend to go for activities other than trade simply due to lack of funds. The second highest share of enterprises are seen to be in Manufacturing. (Enterprises belonging to Mining and Quarrying, Electricity, Gas and Water and Construction have been grouped into Manufacturing simply because the numbers were almost negligible.) The distribution of non-farm enterprises by different industries indicate that the share of manufacturing is higher in the Mountains and Western Hills. Absolutely the number of enterprises in the two regions is not that large. The higher proportion in manufacturing may be due to the fact that the activities are informal and of the small scale cottage type for example - carpet weaving, bamboo products etc.

5.2 Hired Labor:

In table 5.2 it can be observed that of the total non-farm activities reported in the survey 91 percent did not have any kind of hired labor. Enterprises that had obtained official registration constituted a mere 12 percent of the total activities. This clearly indicates that a large share of non-farm activities is highly unorganized or are informal in character. If the criterion "having ten or more hired workers" used in the Census of Manufacturing Establishments - CBS is applied to classify an establishment to be in the formal sector, the survey reveals that almost 92 percent of the total non-farm activities fall in the informal category. Enterprises that operate outside, at premises other than the dwelling of the households constitute a small percentage.

5.3 Revenue and Expenditure:

Table 5.4 presents average revenues and expenditures of non-farm activities by different regions. In terms of average net revenue, the hills are found to have larger activities compared to the mountains and Terai. Urban areas similarly are seen to have larger enterprises having higher net revenues than the rural areas as compared to the national average.

5.4 Duration of Operation

Table 5.5 and 5.6 presents non -farm activities classified by months and years of operation. A significant proportion of non-farm activities were observed to have been in operation three years and more. Enterprises that are in operation for considerable period of time are likely to be family businesses. At 14 percent, the share of activities that are less than a year old in terms of operation indicates that new enterprises are coming up. The number of months an enterprise operates over a year indicates weather the business is seasonal (Table 5.6). Considering activities that operate no more than six month to be seasonal, the share of such activities comes to 38 percent. The proportion of activities that operate regularly would be around 62 percent of total non-farm activities.

Table 5.1 : Distribution of Non-farm Activities by Type and Regions

Ecological belt	Households with enterprises			Percentage distribution of enterprises				
	Household Number	% out of sample hh	No. of enterprise	Manufaturing ¹	Trade	Services	Others	Total
ECOLOGICAL BELT								
Mountain	70	17.11	79	72.91	20.62	5.36	1.11	100.00
Hill	442	25.40	504	37.22	47.26	12.07	3.45	100.00
Terai	305	24.92	369	20.18	58.79	16.81	4.22	100.00
DEVELOPMENT REGION								
Eastern	150	20.92	168	25.48	58.29	11.03	5.21	100.00
Central	381	28.86	455	23.38	54.37	17.53	4.72	100.00
Western	146	23.40	168	37.22	48.09	14.14	0.56	100.00
Midwest	63	17.50	72	35.19	52.41	8.52	3.88	100.00
Farwest	77	21.88	89	58.25	29.17	11.48	1.11	100.00
URBAN								
Kathmand	293	40.92	347	24.14	55.71	18.52	1.64	100.00
Oth urban	159	40.15	187	22.81	55.10	20.83	1.26	100.00
	134	41.88	160	25.01	56.11	17.00	1.89	100.00
RURAL								
Eastern Hill	524	19.72	605	30.75	51.53	13.66	4.06	100.00
Western Hill	107	14.92	115	39.62	47.62	7.63	5.13	100.00
Eastern Terai	153	18.48	173	50.21	37.00	11.14	1.66	100.00
Western Terai	204	27.42	250	17.32	59.75	17.35	5.58	100.00
	60	16.30	67	28.52	55.73	14.30	1.45	100.00
CONSUMPTION GROUP								
First Quintile	98	12.00	110	49.15	36.49	11.81	2.55	100.00
Second Quintile	99	12.12	115	28.55	52.37	15.37	3.71	100.00
Third Quintile	113	13.83	130	33.06	43.08	18.53	5.33	100.00
Fourth Quintile	140	17.14	154	29.90	55.14	12.28	2.68	100.00
Fifth Quintile	367	44.92	443	20.69	61.78	13.56	3.96	100.00
Total	817	24.22	952	29.88	52.08	14.30	3.74	100.00

¹ It includes mining and quarrying, manufacturing, construction and electricity.

Table : 5.2 Distribution of Non -farm Activities by Regions

	Ownership			Registration			Hired labour		
	Household	Shared	Total	Yes	No	Total	Yes	No	Total
ECOLOGICAL BELT									
Mountain	100.00	0.00	100.00	2.40	97.60	100.00	4.95	95.05	100.00
Hill	96.03	3.97	100.00	13.66	86.34	100.00	9.85	90.15	100.00
Terai	96.48	3.52	100.00	11.29	88.71	100.00	9.22	90.78	100.00
DEVELOPMENT REGION									
Eastern	97.40	2.60	100.00	12.59	87.41	100.00	8.65	91.35	100.00
Central	94.80	5.20	100.00	11.89	88.11	100.00	10.97	89.03	100.00
Western	98.38	1.62	100.00	14.56	85.44	100.00	7.54	92.46	100.00
Mid-western	99.10	0.90	100.00	7.73	92.27	100.00	12.35	87.65	100.00
Far-western	96.74	3.26	100.00	5.18	94.82	100.00	0.89	99.11	100.00
URBAN									
Kathmandu	88.00	12.00	100.00	31.20	68.80	100.00	29.65	70.35	100.00
Other urban	98.28	1.72	100.00	33.78	66.22	100.00	21.86	78.14	100.00
RURAL									
Eastern Hill	97.14	2.86	100.00	5.42	94.58	100.00	4.95	95.05	100.00
Western Hill	98.18	1.82	100.00	9.25	90.75	100.00	5.79	94.21	100.00
Eastern Terai	95.53	4.47	100.00	10.17	89.83	100.00	8.48	91.52	100.00
Western Terai	98.86	1.14	100.00	6.25	93.75	100.00	6.03	93.97	100.00
INDUSTRY GROUP									
Industry	96.91	3.09	100.00	10.00	90.00	100.00	11.68	88.32	100.00
Trade	96.01	3.99	100.00	11.23	88.77	100.00	6.66	93.34	100.00
Services	97.08	2.92	100.00	17.77	82.23	100.00	12.55	87.45	100.00
Others	98.23	1.77	100.00	8.18	91.82	100.00	12.16	87.84	100.00
Total	96.52	3.48	100.00	11.69	88.31	100.00	9.22	90.78	100.00

Table 5.3: Non - farm Activities by Size of Hired Workers

Urban or Rural	1 worker	2 - 9 workers	10+ workers	Total
URBAN	40.64	51.48	7.88	100.00
RURAL	50.93	40.34	8.73	100.00
Total	47.34	44.23	8.43	100.00

Table : 5.4 Average Revenue and Expenditure in Non-farm activities by Regions

	Gross revenue Mean (Rs)	Net revenue Mean (Rs)	Total Expenditure Mean (Rs)	Expenditure on Wages Mean (Rs)	Capital expenditure Mean (Rs)
ECOLOGICAL BELT					
Mountain	42159	11629	30406	3176	5285
Hill	180669	36564	142596	8744	5469
Terai	65794	17772	48022	2182	682
DEVELOPMENT REGION					
Eastern	77030	19167	57863	4829	822
Central	164708	32541	130344	6601	3373
Western	62530	19906	42737	2266	5794
Mid-western	87732	24402	63716	4401	806
Far-western	8205	6327	1878	455	309
URBAN					
Kathmandu	445212	53223	338115	21989	3527
Other urban	800429	60902	607836	38958	4633
	197357	47865	149916	10148	2755
RURAL					
Eastern Hill	59372	20502	45974	2249	2704
Western Hill	88922	43570	82597	4094	4396
Eastern Terai	49906	14675	35272	1619	6554
Western Terai	60072	16177	43895	2187	871
	28672	11829	16843	811	693
INDUSTRY GROUP					
Industry	73887	6636	55291	8750	922
Trade	150297	34876	121086	2227	2131
Services	54252	28253	26003	6184	8846
Others	28881	14458	14423	3465	4051
Total	109069	24717	83663	4792	2810

Table 5.5: Non -farm Activities by Years of Operation

Ecological belt	<=1 yr	1-2 yr	3-5yr	5-10yr	> 10 yrs	Total
ECOLOGICAL BELT						
Mountain	7.20	7.15	8.17	33.24	44.23	100.00
Hill	11.79	11.12	27.36	22.81	26.92	100.00
Terai	16.75	9.13	26.13	18.65	29.34	100.00
DEVELOPMENT REGION						
Eastern	17.76	11.81	26.29	18.29	25.86	100.00
Central	13.91	9.81	27.18	21.93	27.17	100.00
Western	11.41	9.36	24.81	22.82	31.59	100.00
Midwest	17.13	7.78	27.19	22.03	25.87	100.00
Farwest	9.22	6.99	13.64	20.30	49.84	100.00
URBAN						
Kathmandu	16.01	15.79	27.05	22.91	18.23	100.00
Other Urban	19.83	9.67	20.48	19.31	30.70	100.00
RURAL						
Eastern Hill	13.60	9.43	25.89	21.23	29.86	100.00
Western Hill	13.29	9.47	23.45	23.42	30.36	100.00
Eastern Terai	7.63	8.92	25.99	25.46	32.00	100.00
Western Terai	14.73	10.82	29.31	19.21	25.93	100.00
INDUSTRY GROUP						
Industry	9.20	10.51	24.25	20.56	35.48	100.00
Trade	17.90	11.28	28.29	20.28	22.25	100.00
Services	12.12	1.95	17.73	25.18	43.02	100.00
Others	14.90	15.39	30.17	21.83	17.71	100.00
CONSUMPTION GROUP						
First Quintile	9.21	12.80	25.70	17.97	34.32	100.00
Second Quintile	14.45	4.20	21.89	19.88	39.58	100.00
Third Quintile	12.13	5.66	28.40	25.41	28.39	100.00
Fourth Quintile	13.77	13.94	27.75	19.09	25.43	100.00
Fifth Quintile	17.78	11.48	24.25	21.81	24.69	100.00
Total	14.23	9.79	25.52	21.17	29.30	100.00

Table 5.6: Non-farm Activities by Months of Operation

	upto 3 months	3 - 6 months	7 - 9 months	10 - 12 months	Total
ECOLOGICAL BELT					
Mountain	32.42	33.96	4.62	28.99	100.00
Hill	7.70	18.73	5.38	68.19	100.00
Terai	19.17	23.16	10.05	47.62	100.00
DEVELOPMENT REGIONS					
Eastern	12.91	20.59	6.69	59.81	100.00
Central	17.54	20.79	10.06	51.61	100.00
Western	10.07	19.72	5.14	65.08	100.00
Midwest	16.59	29.48	8.33	45.60	100.00
Farwest	22.82	31.51	4.95	40.72	100.00
URBAN					
Kathmand	11.54	9.93	5.55	72.98	100.00
Oth urban	3.63	10.96	5.56	79.85	100.00
	16.73	9.25	5.55	68.47	100.00
RURAL					
Eastern Hill	16.09	23.93	8.28	51.70	100.00
Western Hill	8.24	21.27	6.49	64.01	100.00
Eastern Terai	15.65	23.59	4.48	56.28	100.00
Western Terai	19.89	23.48	10.73	45.91	100.00
	15.13	30.50	9.49	44.89	100.00
INDUSTRY GROUP					
Industry	13.59	24.89	9.42	52.09	100.00
Trade	18.40	18.52	8.15	54.93	100.00
Services	10.14	22.54	4.60	62.72	100.00
Others	10.61	47.23	5.36	36.80	100.00
HIRED ANYONE					
Yes	7.12	19.67	5.85	67.36	100.00
No	15.95	22.43	8.19	53.43	100.00
REGISTRATION					
Yes	4.98	9.34	9.60	76.09	100.00
No	16.48	23.87	7.76	51.88	100.00
LOCATION					
Home	13.48	20.09	7.14	59.29	100.00
Other Fixed place	11.76	16.55	8.39	63.30	100.00
Other Variable places	24.19	32.85	9.01	33.96	100.00
CONSUMPTION GROUP					
First Quintile	24.30	31.21	4.82	39.67	100.00
Second Quintile	10.60	29.86	8.89	50.66	100.00
Third Quintile	18.84	23.26	11.61	46.30	100.00
Fourth Quintile	20.20	19.46	5.03	55.30	100.00
Fifth Quintile	9.49	15.33	8.32	66.86	100.00
Total	15.49	22.07	7.92	54.52	100.00

Section VI

LOANS (CREDIT AND SAVINGS)

6.1. Regional Distribution:

This section covers about loans and the households that have borrowed it. Table 6.1 presents the number of loans that the households borrowed, loans repaid during the twelve months preceding the date of the interview and loans outstanding. In total 3060 loans were taken out by around 59 percent of the sampled households and 191 loans repaid during the survey period. It can be observed that 91 percent of the households that borrowed (or 54 percent of the total) had loans outstanding at the time of the interview. In other words, 94 percent of the total loans are found outstanding during the time of interview. Distribution of loans by ecological belts show that the highest number of loan transactions have taken place in the Hills but has a lower percentage of (53%) households involved. The Terai has recorded the second largest number of loan transactions with around 65 percent of the households to have borrowed them. In absolute numbers, loan transactions in the Mountains compared to other two regions is low but show a higher proportion of households (69 %) involved in the business.

If observed by development regions the central has recorded the largest number of loans (1304) borrowed by 57 percent of the households. The eastern development region has recorded only half (661) the number of loans but has 63 percent of households involved in the transaction. Similarly, the far western region recorded the lowest number of loans (232) almost one third that in the eastern region but borrowed by a significant share (52%) of the households. In all the development regions more than 90 percent of the loans still remained outstanding.

6.2. Rural / Urban Distribution:

The rural urban distribution of loans show that around 12 percent of total loans have been borrowed by 35 percent of the urban households and the remaining 88 percent of the loans is seen to be borrowed by around 66 percent of the rural households. The bulk of loans outstanding in both the areas do not differ significantly. The urban proportion of 96 percent outstanding loans is just three points higher than rural percentage at 93 percent loans outstanding.

6.3. Sources of Loans:

Three prominent sources are found to provide loans viz. banks, family relatives and local money lenders. Table 6.2 indicates that the highest (41%) source of loan financing comes from family relatives. Local money lenders stand second and finance around 40 percent

of the loans. Institutional money lending through banks cover just 16 percent of the total loans revealing that loan financing through formal institutions to households is still low. Such institutional lending by quintile groups show that the bottom 40 percent households received only 23 percent of the loans disbursed. Banking institutions are seen to have advanced 40 percent of the loans to top 40 percent in the quintile group.

Table 6.3 presents the distribution of loans borrowed at different periods of years. It can be seen from the table that 41 percent of the loans were advanced during the year of interview. Obviously, 59 percent of the loans were taken before the year of interview and the figure should therefore be 1561 loans. If in this figure the number of loans repaid (191) are deducted the left over figure (1370) are loans extended and is 45 percent of the total loans.

6.4. Purpose of Taking Loans:

Purposes for which loans were taken is given in Table 6.4. A major share (49 percent) of the loans taken are seen to be for household consumption. Similarly, around 29 percent of the loans were taken for the purpose of business or farming. And 22 percent of the loans are found to be taken for other personal uses. Figures in the consumption group in the same table indicate that in each lower quintile there is a higher percentage of people borrowing loans for household consumption. The proportion of 62 percent in the bottom quintile can be seen to gradually decrease with each increase in the quintiles and the figure in the top quintile goes down to 42 percent. The opposite case can be seen in the loans taken for business or farming. The loans are seen to gradually increase from 18 percent in the first quintile to 36 percent in the fifth quintile.

Table 6.5 presents the basis on which the loans were advanced. For a majority of the loans (75 percent) the table indicates there was no collateral used. Land and housing as collateral was used to borrow 17 percent of the loans which is identical to the share of loans advanced by banks. Other kinds of property other than land or house is frequently used as a collateral and the proportion of loans under this is 5 percent.

Table 6.1: Households Having Loan and Distribution of Loan by Different Characteristics

	Total households and loans			Having outstanding loan		
	Total no. of hhs involved	Percent of hhs involved	Average no. of loans	No. of households	Percent of hhs involved	Average no of Loan
ECOLOGICAL BELT						
Mountain	274	67.38	1.77	260	63.59	1.68
Hill	900	59.24	1.58	854	56.02	1.49
Terai	750	62.30	1.52	716	59.73	1.47
DEVELOPMENT REGION						
Eastern	435	60.93	1.50	403	56.52	1.38
Central	722	64.17	1.81	700	62.18	1.72
Western	354	58.28	1.51	335	55.41	1.39
Mid-western	229	64.38	1.47	216	60.34	1.37
Far-western	184	57.73	1.32	176	51.98	1.27
URBAN	248	37.59	1.38	240	38.07	1.35
Kathmandu	99	24.29	1.32	97	23.62	1.29
Other urban	149	46.54	1.41	143	46.12	1.37
RURAL	1676	63.18	1.61	1590	60.02	1.50
Eastern hill/mountain	488	66.29	1.78	466	60.39	1.70
Western hill/mountain	490	59.82	1.46	460	55.79	1.35
Eastern Terai	484	65.74	1.65	455	62.02	1.52
Western Terai	214	58.99	1.47	209	57.81	1.38
Total	1924	61.32	1.60	1830	58.35	1.49

No. of Extended loans	328
Share of extended loans out of total loans	11.22 %

Table 6.2 : Sources of Loan by Regions

	Bank	Relative	Money lenders	Others	Total
ECOLOGICAL BELT					
Mountain	7.69	50.90	37.69	3.72	100.00
Hill	13.75	55.70	27.38	3.18	100.00
Terai	20.23	24.56	51.83	3.39	100.00
DEVELOPMENT REGION					
Eastern	21.21	45.21	32.27	1.31	100.00
Central	14.28	35.03	48.27	2.42	100.00
Western	13.82	53.46	26.08	6.64	100.00
Midwest	19.79	33.77	42.50	3.95	100.00
Far-west	10.84	40.13	43.62	5.42	100.00
URBAN					
Kathmandu	13.03	72.72	13.58	0.67	100.00
Other urban	29.65	43.37	24.72	2.25	100.00
RURAL					
Eastern Hill/Mountain	13.08	60.68	24.09	2.15	100.00
Western Hill/Mountain	11.79	47.42	36.08	4.72	100.00
Eastern Terai	19.13	17.39	61.52	1.97	100.00
Western Terai	20.82	39.82	31.99	7.37	100.00
CONSUMPTION GROUP					
First Quintile	8.21	38.46	49.61	3.72	100.00
Second Quintile	15.06	36.53	45.90	2.51	100.00
Third Quintile	15.55	37.29	43.35	3.80	100.00
Fourth Quintile	17.79	42.45	36.38	3.38	100.00
Fifth Quintile	21.79	48.18	26.81	3.23	100.00
YEARS OF BORROWED LOANS					
Before 45	18.20	36.24	40.83	4.73	100.00
45-48	27.12	41.81	29.40	1.67	100.00
49-51	19.32	40.17	36.95	3.56	100.00
52-53	10.11	41.77	44.85	3.26	100.00
Total	16.14	40.84	39.70	3.33	100.00

Table 6.3 : Loans Borrowed by Years and Regions

	052-53 (1995-96)	049-51 (1992-94)	045-48 (1988-93)	Before 045 (1987)	Total
ECOLOGICAL BELT					
Mountain	36.39	49.51	8.95	5.15	100.00
Hill	36.20	50.61	10.19	3.00	100.00
Terai	46.31	45.62	5.52	2.55	100.00
DEVELOPMENT REGION					
Eastern	36.59	50.01	10.65	2.74	100.00
Central	43.04	46.74	6.81	3.42	100.00
Western	40.36	48.96	7.89	2.80	100.00
Midwest	47.33	42.84	6.85	2.98	100.00
Far-west	31.12	59.28	7.75	1.85	100.00
URBAN	34.54	45.93	9.17	10.36	100.00
Kathmandu	42.18	47.12	6.55	4.14	100.00
Other urban	32.02	45.53	10.03	12.41	100.00
RURAL	41.15	48.29	7.86	2.71	100.00
Eastern Hill/Mountain	33.50	51.84	11.11	3.55	100.00
Western Hill/Mountain	39.03	49.09	8.63	3.25	100.00
Eastern Terai	47.95	44.66	5.46	1.93	100.00
Western Terai	45.30	47.88	5.07	1.74	100.00
CONSUMPTION GROUP					
First Quintile	40.75	49.20	6.81	3.24	100.00
Second Quintile	44.17	46.57	6.65	2.61	100.00
Third Quintile	42.52	47.52	7.92	2.04	100.00
Fourth Quintile	38.94	49.17	8.67	3.22	100.00
Fifth Quintile	38.62	48.47	9.00	3.92	100.00
Total	40.89	48.19	7.91	3.01	100.00

Table 6.4: Purpose of Loan by Regions

	Business or farm	House Hold consumption	Other personal uses	Total
ECOLOGICAL BELT				
Mountain	20.67	56.22	23.12	100.00
Hill	22.97	57.49	19.54	100.00
Terai	35.83	40.29	23.88	100.00
DEVELOPMENT REGION				
Eastern	29.98	51.35	18.67	100.00
Central	28.19	44.82	26.98	100.00
Western	29.07	50.71	20.22	100.00
Midwest	32.88	49.84	17.28	100.00
Far-west	18.38	68.51	13.11	100.00
URBAN				
Kathmandu	31.36	35.85	32.79	100.00
Other urban	37.77	37.60	24.64	100.00
RURAL				
Eastern Hill/Mountain	21.92	54.67	23.41	100.00
Western Hill/Mountain	22.82	61.65	15.53	100.00
Eastern Terai	34.40	41.07	24.53	100.00
Western Terai	38.38	39.31	22.30	100.00
CONSUMPTION GROUP				
First Quintile	17.98	61.55	20.47	100.00
Second Quintile	29.08	49.36	21.56	100.00
Third Quintile	24.51	53.97	21.52	100.00
Fourth Quintile	32.77	44.16	23.07	100.00
Fifth Quintile	35.95	41.69	22.36	100.00
YEARS OF BORROWED LOANS				
Before 45	36.10	40.30	23.61	100.00
45-48	32.01	42.79	25.21	100.00
49-51	29.89	48.94	21.18	100.00
52-53	26.07	51.94	21.99	100.00
Total	28.68	49.42	21.90	100.00

Table 6.5 : Collateral by Sources of Loan

Sources of loan	Land & Housing	Property	No collateral	Others	Total
Bank	70.72	15.61	11.46	2.21	100.00
Relative	6.42	1.42	88.75	3.41	100.00
Money lenders	6.20	4.38	85.32	4.11	100.00
Others	10.15	4.84	82.01	3.00	100.00
Total	16.81	4.99	74.71	3.48	100.00

Table 6.6: Collateral by Consumption Group

Consumption Groups	Land & Housing	Property	No collateral	Others	Total
First Quintile	9.81	4.16	85.12	0.90	100.00
Second Quintile	16.09	6.65	73.40	3.86	100.00
Third Quintile	16.60	4.51	72.79	6.10	100.00
Fourth Quintile	17.96	5.20	73.97	2.87	100.00
Fifth Quintile	21.65	4.39	70.82	3.14	100.00
Total	16.81	4.99	74.72	3.48	100.00

Section VII

REMITTANCES

In the survey, remittances are defined as transfers in cash or kind sent or received by households over the year preceding the interview. All transfers received from or sent to a single source are counted as one remittance. Although remittances flow both in and out of the country, the outflow was ignored because of its meager size and the tables presented only contain the inflows.

7.1 Households and Remittances

Altogether, 760 sample households (23 percent) received 948 remittances (Table 7.1), on average 1.24 for each household receiving remittances. These figures include remittances originating both from within and from outside the country. Households in the Terai were slightly more likely to receive remittances (25 percent versus 23 percent on average). In the Hills and the Mountains, 23 and 18 percent of households respectively received remittances. Classified by development region, the highest percentage is found in the Western region (31 percent) and the lowest in the Eastern region (15 percent). In the other three regions, 24 percent of households received remittances. The share of households receiving remittances was lower in urban than in rural areas (20 versus 24 percent). Interestingly, the share does not vary much by quintile, with the highest share (25 percent) in the fourth quintile.

7.2 Origin of Remittances:

Table 7.2 presents the place of origin of remittances by urban/rural Nepal, India and other countries. Figures in the table indicate that the largest share of remittances (38%) originated in India. Likewise, significant proportions of remittances originated in the urban and the rural areas of Nepal (26 and 33 percent respectively). Remittances originating from other countries besides India constitute a small share (3 percent). The same table presents the breakdown of remittances by source for various geographical areas. Out of total remittances received by households in urban areas, 44 percent came from urban areas, 31 percent from rural areas, 14 percent from India and 12 percent from other countries. Similarly, among the remittances received by households in rural areas, 25 percent came from urban areas, 33 percent from rural areas, 40 percent from India (significantly more than in urban areas) and around 3 percent from other countries (significantly less than in urban areas).

7.3 Remittances by Consumption Groups:

The distribution of remittances by consumption quintile shows that the most important source for all the quintiles except the top one was India (Table 7.2). The share of remittances coming from India is highest (53 percent) in the bottom quintile and gradually goes down to 37 percent in the next three quintiles; in the top quintile, it is only 24 percent. A similar pattern can be observed for the contributions coming from rural areas -- the second largest share of remittances in all the four bottom quintiles came from rural areas, and the share was much lower for the top quintile. The share of remittances coming from urban areas, on the contrary, increased with higher levels of consumption.

7.4 Size of Remittances:

Table 7.3 presents the average amount received per remittance by source. Although remittances from other countries represented only a small share of the total, they were much higher than the average (Rs. 79,183 versus an average of Rs. 12,090 per remittance). The second highest average amount (Rs. 15,294) came from urban Nepal. Remittances from India and from rural Nepal were lower than the average (Rs. 10,532 and Rs. 4,586 respectively). In terms of absolute monetary value, India provided the largest share (33 percent) of total remittances, followed by urban Nepal contributing 32 percent, other countries contributing 22 percent and rural Nepal contributing 12 percent. In total, external sources accounted for 55 percent of the remittances and internal sources provided 45 percent.

7.5 Remittances and Income:

For those households that receive remittances, these represent a significant fraction of household income; 27 percent on average (Table 7.4). The share of remittances over total household income is a bit higher than the average in the hills (30 percent) and in the Western region (33 percent). Interestingly, the share does not vary much by consumption quintile; combined with the observation that the likelihood of receiving remittances does not vary much by quintile, this indicates that remittances play an important role at all levels of consumption.

7.6 Recipients and Donors by Sex and Industry:

Forty-six percent of those sending remittances worked in the services sector, while 27 percent worked in agriculture and 22 percent in manufacturing (Table 7.5). Those in the services sector were mainly found to be involved in social, personal and community services and trade, restaurants and hotels. By source, while agriculture was the dominant occupation for donors in rural Nepal (62 percent of all donors from rural Nepal worked in agriculture), social, personal and community services dominated among donors from urban Nepal, India and other countries (56, 53 and 67 percent respectively). Donors from urban Nepal and India were found prominently involved in manufacturing, and Services.

Almost half of all remittances (45 percent) were sent by a son or daughter (in almost 90 percent of the cases, a son); 17 percent were sent by a spouse (almost always the husband), and 13 percent by a parent (usually, the father) Table 7.7. While the donors are overwhelmingly male, recipients are almost evenly split between male and female (52 percent males versus 48 percent females). Table 7.8.

Table 7.1: Distribution of Households and Remittances

	No of hhs receiving remittances	Percent of hhs receiving remittances	No of remittances received by hhs	Average no of remittance	Average Rs.of remittance
ECOLOGICAL BELT					
Mountain	79	18.33	96	1.22	7862
Hill	389	23.16	480	1.20	20439
Terai	292	24.63	372	1.28	11178
DEVELOPMENT REGION					
Eastern	103	14.63	129	1.25	12966
Central	303	24.09	389	1.27	16018
Western	187	31.46	230	1.24	21097
Mid-western	83	24.29	101	1.22	7839
Far-western	84	24.15	99	1.16	7174
URBAN					
Kathmandu	137	19.62	184	1.37	29917
Other urban	76	18.95	100	1.30	33620
	61	20.07	84	1.41	27561
RURAL					
Eastern hill/mountain	623	23.74	764	1.24	14198
Western hill/mountain	103	13.56	126	1.22	19508
Eastern Terai	250	30.83	298	1.19	15806
Western Terai	193	26.02	244	1.27	12508
	77	22.86	96	1.29	8736
CONSUMPTION GROUP					
First Quintile	104	19.19	126	1.22	7129
Second quintile	106	21.05	136	1.27	8056
Third Quintile	134	22.71	168	1.27	12396
Fourth Quintile	159	25.13	196	1.24	10322
Fifth Quintile	257	21.25	321	1.22	30597
Total	760	23.44	948	1.24	15160

Table 7.2: Distribution of Remittances by Source

	Source				Total
	Urban Nepal	Rural Nepal	India	Other Country	
ECOLOGICAL BELT					
Mountain	27.43	46.27	25.21	1.10	100.00
Hill	26.59	25.63	41.62	6.16	100.00
Terai	24.89	37.10	36.69	1.31	100.00
DEVELOPMENT REGION					
Eastern	30.26	35.22	30.50	4.03	100.00
Central	41.49	29.82	25.49	3.20	100.00
Western	15.67	23.81	54.55	5.97	100.00
Midwest	6.58	56.27	37.15	0.00	100.00
Far-west	10.60	34.89	54.51	0.00	100.00
URBAN	43.92	30.46	13.83	11.80	100.00
Kathmandu	48.08	29.77	2.55	19.60	100.00
Other urban	41.48	30.86	20.45	7.22	100.00
RURAL	24.49	32.81	39.88	2.82	100.00
Eastern hill/mountain	56.08	29.95	9.61	4.36	100.00
Western hill/mountain	13.32	27.42	55.07	4.19	100.00
Eastern Terai	29.76	31.80	36.43	2.01	100.00
Western Terai	8.73	50.53	40.74	0.00	100.00
CONSUMPTION GROUP					
First Quintile	10.54	34.23	53.24	2.00	100.00
Second Quintile	20.62	33.58	42.77	3.03	100.00
Third Quintile	29.85	31.44	37.42	1.30	100.00
Fourth Quintile	27.75	33.81	36.58	1.86	100.00
Fifth Quintile	37.29	28.22	24.25	10.24	100.00
Total	25.80	32.65	38.13	3.42	100.00

Table 7.3: Mean Rs. and Share of Remittances by Source

Source	Number of remittances received	Mean Rs. received	Share of remittances received
Urban Nepal	260	15294	32.38
Rural Nepal	311	4586	12.29
India	319	10532	32.87
Other countries	58	79183	22.46
Total	948	12090	100.0

Table 7.4: Percentage Share of Remittances in Income

	No. of Households Receiving Remittances	Percentage
ECOLOGICAL BELT		
Mountaun	79	28.45
Hill	389	30.43
Terai	292	22.84
DEVELOPMENT REGION		
Eastern	103	27.67
Central	303	24.64
Western	187	32.87
Mid-West	83	15.92
Far-West	84	28.78
URBAN OR RURAL		
Urban	137	24.12
Rural	623	26.80
URBAN/RURAL		
Kathmandu	76	27.56
Oth urban	61	21.92
R-W Hill	250	31.23
R-E Hill	103	27.76
R-W Terai	77	19.09
R-E Terai	193	24.86
QUINTILES		
First Quintile	104	24.42
Second Quintile	106	23.01
Third Quintile	134	29.80
Fourth Quintile	159	21.77
Fifth Quntile	257	27.59
Total	760	26.64

Table 7.5: Source of Remittances by Industry

Source of remittance	Industry of donor				Total
	Not defined	Agriculture	Industry	Services	
Urban Nepal	8.80	2.21	33.37	55.62	100.00
Rural Nepal	1.64	61.75	8.44	28.18	100.00
India	5.53	16.49	25.26	52.72	100.00
Other countries	5.14	11.83	16.27	66.76	100.00
Total	5.09	27.34	21.58	45.99	100.00

Table 7.6: Relation of Donor to Recipient

Source of remittance	Industry of donors				Total
	Not defined	Agriculture	Industry	Services	
Urban Nepal	44.49	2.08	39.84	31.15	25.76
Rural Nepal	10.42	73.30	12.69	19.88	32.45
India	41.60	23.12	44.86	43.95	38.33
Other countries	3.49	1.49	2.61	5.02	3.46
Total (col)	100.00	100.00	100.00	100.00	100.00

Table 7.7 : Relationship of Donor to Recipient

Rel of Donor to recipient	Percent	Cum.
Wife or Husband	17.15	17.15
Son/Daughter	44.75	61.90
Grandchild	1.60	63.50
Father or Mother	13.32	76.81
Sister or Brother	10.57	87.38
Niece or Nephew	0.75	88.12
Son/Daug. in Law	1.56	89.68
Broth./Sist. in Law	0.81	90.49
Father/Mother in Law	3.55	94.04
Other Family Relative	4.03	98.08
Other Person not Related	1.92	100.00
Total	100.00	

Table 7.8: Distribution of Recipients and Donor by Sex

Sex	Recipients		Donor	
	Percent	Cum.	Percent	Cum.
Male	51.80	51.80	88.77	88.77
Female	48.20	100.00	11.23	100.00
Total	100.00		100.00	

Section VIII

ADEQUACY OF GOODS AND SERVICES

8.1 Food Consumption :

This is the last section in the survey that attempts to analyze the response received from the household heads regarding their views towards the adequacy of consumption of several items. Respondents were asked to give their opinion about their consumption levels for various items by indicating if it was less than adequate, just adequate or more than adequate. The term "adequate" in the survey meant neither more nor less than what the respondent considers consumption needs of the family. The items covered include food consumption, housing, clothing, health care, schooling and total income.

In Table 8.1 it can be observed that 51 percent of the households felt that their consumption in food was less than adequate. Those that answered the food consumption to be just adequate constituted 47 percent and a mere 2 percent opined that it was more than adequate. Household proportion answering to have consumed less than adequate food by different regions do not differ widely. The highest share (56 percent) is seen in the far-west and the mid-west has the lowest share (47 percent). The urban rural proportion of households indicating less than adequate food consumption is wider. While the share in the urban is 36 percent, the rural share is higher by 16 points at 52 percent. Significant differences persist between the Hills and Terai in the share of households responding to the adequacy of food consumption. Proportion of households indicating less than adequate food consumption is higher and that of just adequate is lower in the hills compared to Terai obviously pointing that the food situation in the hills to be more grim.

Households responding to have consumed less than adequate food appear in sizable proportions in all the quintiles. The lowest quintile has the highest proportion of 70 percent and the percentage declines by subsequent quintiles. However the highest quintile which has the lowest proportion of households reporting less than adequate food consumption even reveals a perplexing figure of 34 percent. Two conclusions may be possibly be drawn from for such a result. The first conclusion is that subjective interrogations are likely to give responses towards producing such unrealistic results. Response to questions that are subjective in nature could vary from person to person because of the different angles they look at it. The other conclusion is that the households expressing that their consumption to be not adequate could have compared it to a household with still higher consumption level.

8.2 Housing :

Figures in Table 8.2 show that in total 64 percent of the households indicate having less than adequate housing facilities and almost 36 percent expressed having just adequate housing facilities. Percentage of households indicating more than adequate housing facility is almost found to be negligible. The same table shows that the urban areas compared to the rural areas have a lower percentage of households that have indicated less than adequate housing facility. The story is just the opposite in many other countries with urban areas having more housing problems. In average while 64 percent expressed less than adequate housing facility, the proportion in the western development region and beyond is found to be still higher than the average.

In all quintiles, the share of households indicating less than adequate housing facilities is large and even in the highest quintile the share recorded is 51 percent. Another interesting result that can be noticed is in the sizable proportion of households in all the quintiles that have indicated having just adequate housing facilities. It appears that the answers were based on two things viz. affordability and access.

8.3 Clothing :

In the case of clothing 52 percent of the households indicated they had less than adequate clothing and 42 percent answered just adequate clothing. Households reporting more than adequate clothing is negligible. The urban/rural difference in the first two category are significant. Household proportion with less than adequate clothing in the rural areas is 60 percent and in the urban is 27 percent. Similarly in the just adequate clothing category the proportion in the rural is 40 percent and the urban proportion quite high at 72 percent areas. Significant proportion of households that indicate having less than adequate clothing are found in all the quintiles. These proportion in all the quintiles ranging from a minimum 40 percent in the highest quintile to a maximum of 76 percent in the lowest quintile exceeds to those shares responding for the same category in food.

8.4 Health Care :

In total there are 59 percent of the households reporting to have less than adequate health care and 41 percent expressing to have just adequate health care. Households reporting more than adequate health care is almost nil. By ecological belts the Mountains have the largest proportion of households (63%) indicating less than adequate health care. The Hills with 60 percent and Terai at 57 percent have slightly lower shares in this category. By development regions the Far-west has the highest share of households expressing less than adequate health care (75%). Eastern development region has the lowest percentage (51%) of households indicating less than adequate health care. The same type of share in other development regions lie in between the two extremes. Urban Kathmandu has only 4 percent of the households indicating less than adequate health care and is comparatively low. Similar household proportion in other urban areas at 37 percent is also significantly low compared to the average figure. As compared to the rural average of 61 percent

households indicating less than adequate health care, Eastern Terai is the only rural area with a lesser share.

The three lower quintiles have higher percentage of households than the average figure reporting less than adequate health care facilities. The two top quintiles although have a lower share of households in this category is not insignificant.

8.5 Schooling :

In average there are 45 percent households indicating less than adequate schooling and 34 percent expressing schooling facility to be just adequate. Around 21 percent of the sampled households are found to have fallen into "not applicable" category because the questions did not turn out to be relevant to these households. Households without school going children could be one of the reasons. Other instances of households could be those that were unable to send their children to school. The largest share of households (57%) indicating less than adequate schooling facility is to be seen in the Hills. The same response in Terai is given by a lower percentage (33%) of households and far below the mean indicating better schooling facilities. However this region is also found to have the largest share of households falling in the "not applicable" group.

Household share expressing less than adequate schooling facility in the rural/urban areas differ widely. The rural share of 47 percent is quite close to the mean but the urban share of 22 percent is just half of the mean. As in other items, a sizable proportion of households indicating less than adequate schooling facility appear in all quintiles. The top quintile has 35 percent of households.

8.6 Income :

Nearly 73 percent of the sampled households responded that their income was less than adequate. The share of households indicating their income to be just adequate comprised 26 percent and around 1 percent of the households responded to have more than adequate income. In the Mountains and the Hills the share of households that indicated to have less than adequate income is higher than the average. The same share in the Terai is slightly lower than average at 70 percent.

Households responding they have less than adequate income by development regions do not deviate significantly compared to the average share. It is a bit low in the eastern region (67%), a bit high (80%) in the western region and almost at par in the remaining three regions. Urban share of similar households are found to comprise of 51 percent and the rural share is slightly higher than the average at 74 percent. The share of households indicating to have less than adequate income in all the quintiles are larger compared to the same figures in other items.

Lastly, by combining the tables it can be observed that; urban Kathmandu is better off than other areas simply because in all things the share of less than adequate households

are lower. Similarly, the share of less than adequate households in the eastern development region is found to be lower than average in all the categories.

Table 8.1: Food Consumption by Different Characteristics

	Less than adequate	Just adequate	More than adequate	Total
ECOLOGICAL BELT				
Mountain	63.16	33.55	3.29	100.00
Hill	54.67	43.11	2.22	100.00
Terai	44.86	53.96	1.18	100.00
DEVELOPMENT REGION				
Eastern	49.13	49.70	1.16	100.00
Central	49.83	47.42	2.75	100.00
Western	54.82	44.32	0.86	100.00
Mid-west	46.86	51.29	1.85	100.00
Far-west	55.84	41.96	2.19	100.00
URBAN	36.27	61.82	1.92	100.00
Kathmandu	11.39	85.86	2.75	100.00
Other urban	53.01	45.63	1.36	100.00
RURAL	52.01	46.17	1.82	100.00
Western Hill/Mountain	58.70	39.93	1.37	100.00
E Hill/Mountain	59.51	37.01	3.48	100.00
Western Terai	42.76	55.61	1.64	100.00
Eastern Terai	44.20	54.83	0.97	100.00
CONSUMPTION GROUP				
First Quintile	69.84	30.16	0.00	100.00
Second Quintile	57.01	42.19	0.80	100.00
Third Quintile	55.02	44.48	0.50	100.00
Fourth Quintile	46.30	51.83	1.87	100.00
Fifth Quintile	34.10	61.06	4.84	100.00
Total	50.86	47.31	1.83	100.00

Table 8.2: Housing by Different Characteristics

	Less than adequate	Just adequate	More than adequate	Not appl- icable	Total
ECOLOGICAL BELT					
Mountain	67.74	30.97	0.00	1.29	100.00
Hill	67.07	32.56	0.37	0.00	100.00
Terai	60.49	39.38	0.00	0.12	100.00
DEVELOPMENT REGION					
Eastern	58.07	41.93	0.00	0.00	100.00
Central	59.45	39.73	0.36	0.46	100.00
Western	71.38	28.58	0.04	0.00	100.00
Midwest	67.89	31.80	0.31	0.00	100.00
Far-west	76.51	23.49	0.00	0.00	100.00
URBAN					
Kathmandu	37.48	61.63	0.11	0.78	100.00
Other urban	28.64	71.36	0.00	0.00	100.00
	43.42	55.08	0.19	1.31	100.00
RURAL					
Western Hill/Mountain	66.20	33.51	0.18	0.11	100.00
Eastern Hill/Mountain	73.35	26.51	0.14	0.00	100.00
Western Terai	66.34	32.68	0.53	0.45	100.00
Eastern Terai	70.14	29.86	0.00	0.00	100.00
	57.63	42.37	0.00	0.00	100.00
CONSUMPTION GROUP					
First Quintile	75.46	24.54	0.00	0.00	100.00
Second Quintile	68.47	31.53	0.00	0.00	100.00
Third Quintile	69.73	30.27	0.00	0.00	100.00
Fourth Quintile	61.00	38.88	0.00	0.12	100.00
Fifth Quintile	51.39	47.36	0.69	0.55	100.00
Total	64.10	35.56	0.17	0.16	100.00

Table 8.3: Clothing by Different Characteristics

	Less than adequate	Just adequate	More than adequate	Not appl- icable	Total
ECOLOGICAL BELT					
Mountain	68.46	31.29	0.25	0.00	100.00
Hill	62.05	37.43	0.52	0.00	100.00
Terai	51.22	48.16	0.46	0.16	100.00
DEVELOPMENT REGION					
Eastern	51.47	48.36	0.00	0.16	100.00
Central	53.37	45.79	0.85	0.00	100.00
Western	65.22	34.55	0.24	0.00	100.00
Midwest	58.35	40.35	0.99	0.31	100.00
Far-west	71.97	28.03	0.00	0.00	100.00
URBAN					
Kathmandu	27.41	72.38	0.21	0.00	100.00
Other urban	11.08	88.69	0.23	0.00	100.00
RURAL					
Western Hill/Mountain	38.40	61.41	0.19	0.00	100.00
Eastern Hill/Mountain	59.97	39.46	0.49	0.08	100.00
Western Terai	67.32	32.23	0.45	0.00	100.00
Eastern Terai	65.63	33.84	0.53	0.00	100.00
	62.04	37.38	0.31	0.27	100.00
	47.60	51.69	0.58	0.13	100.00
CONSUMPTION GROUP					
First Quintile	75.65	23.91	0.00	0.44	100.00
Second Quintile	63.97	36.03	0.00	0.00	100.00
Third Quintile	62.15	37.85	0.00	0.00	100.00
Fourth Quintile	54.53	45.12	0.35	0.00	100.00
Fifth Quintile	39.71	58.70	1.59	0.00	100.00
Total	57.60	41.86	0.47	0.08	100.00

Table 8.4: Health Care by Different Characteristics

	Less than adequate	Just adequate	More than adequate	Not appl- icable	Total
ECOLOGICAL BELT					
Mountain	63.13	36.64	0.00	0.22	100.00
Hill	59.70	40.00	0.19	0.11	100.00
Terai	56.90	41.84	0.06	1.19	100.00
DEVELOPMENT REGION					
Eastern	51.19	46.64	0.00	2.16	100.00
Central	56.73	42.93	0.14	0.20	100.00
Western	65.24	34.56	0.00	0.20	100.00
Midwest	55.91	43.78	0.31	0.00	100.00
Far-west	75.14	24.53	0.33	0.00	100.00
URBAN					
Kathmandu	4.44	95.56	0.00	0.00	100.00
Other urban	37.30	61.01	0.66	1.03	100.00
RURAL					
Western Hill/Mountain	67.28	32.57	0.14	0.00	100.00
Eastern Hill/Mountain	60.62	38.88	0.21	0.30	100.00
Western Terai	62.36	37.34	0.00	0.30	100.00
Eastern Terai	56.26	42.14	0.00	1.60	100.00
CONSUMPTION GROUP					
First Quintile	69.41	29.36	0.00	1.23	100.00
Second Quintile	64.16	34.61	0.00	1.23	100.00
Third Quintile	62.24	37.52	0.00	0.23	100.00
Fourth Quintile	57.77	41.99	0.13	0.11	100.00
Fifth Quintile	45.46	53.67	0.35	0.52	100.00
Total	58.70	40.57	0.11	0.62	100.00

Table 8.5: Schooling by Different Characteristics

	Less than adequate	Just adequate	More than adequate	Not appl- icable	Total
ECOLOGICAL BELT					
Mountain	53.98	27.66	0.00	18.36	100.00
Hill	56.55	32.83	0.50	10.11	100.00
Terai	32.84	35.56	0.16	31.44	100.00
DEVELOPMENT REGION					
Eastern	34.26	44.20	0.17	21.37	100.00
Central	43.89	30.02	0.43	25.66	100.00
Western	53.68	26.81	0.17	19.34	100.00
Midwest	41.44	41.45	0.64	16.48	100.00
Far-west	67.76	25.50	0.00	6.74	100.00
URBAN					
Kathmandu	22.45	55.72	0.00	21.83	100.00
Other urban	14.63	70.48	0.00	14.89	100.00
RURAL					
Western Hill/Mountain	27.72	45.78	0.00	26.50	100.00
Eastern Hill/Mountain	47.25	31.93	0.33	20.49	100.00
Western Terai	62.29	27.40	0.29	10.01	100.00
Eastern Terai	55.44	31.66	0.65	12.25	100.00
Eastern Terai	37.52	35.31	0.26	26.91	100.00
Eastern Terai	31.48	34.64	0.13	33.75	100.00
CONSUMPTION GROUP					
First Quintile	53.55	22.60	0.21	23.64	100.00
Second Quintile	50.65	28.09	0.00	21.26	100.00
Third Quintile	46.32	31.87	0.19	21.61	100.00
Fourth Quintile	45.57	35.41	0.17	18.85	100.00
Fifth Quintile	35.40	45.09	0.79	18.71	100.00
Total	45.44	33.66	0.31	20.59	100.00

Table 8.6: Total Income by Different Characteristics

	Less than adequate	Just adequate	More than adequate	Not appl- icable	Total
ECOLOGICAL BELT					
Mountain	82.02	17.14	0.55	0.28	100.00
Hill	73.73	25.04	1.09	0.14	100.00
Terai	69.69	29.31	0.48	0.52	100.00
DEVELOPMENT REGION					
Eastern	66.86	32.59	0.14	0.41	100.00
Central	71.90	26.23	1.76	0.11	100.00
Western	79.70	19.53	0.00	0.77	100.00
Midwest	73.29	25.77	0.94	0.00	100.00
Far-west	72.45	27.19	0.00	0.36	100.00
URBAN					
Kathmandu	50.93	47.27	1.53	0.26	100.00
Other urban	35.70	62.71	1.59	0.00	100.00
	61.19	36.88	1.49	0.44	100.00
RURAL					
Western Hill/Mountain	74.25	24.71	0.71	0.33	100.00
Eastern Hill/Mountain	77.29	22.05	0.44	0.22	100.00
Western Terai	77.89	20.43	1.58	0.10	100.00
Eastern Terai	75.47	23.62	0.00	0.92	100.00
	67.91	31.19	0.58	0.33	100.00
CONSUMPTION GROUP					
First Quintile	83.18	16.54	0.00	0.29	100.00
Second Quintile	79.63	20.17	0.00	0.21	100.00
Third Quintile	76.04	23.34	0.00	0.63	100.00
Fourth Quintile	70.79	28.46	0.63	0.13	100.00
Fifth Quintile	59.03	38.04	2.56	0.36	100.00
Total	72.55	26.36	0.77	0.32	100.00

Errata-Corrige

ACCESS TO FACILITIES

Introduction

After the publication of the first volume of results, an error was discovered in the figures on access to facilities; this section explains the cause of the error and reports corrected results.

The questionnaire asked each household how long it took to reach a number of facilities from the household's dwelling. The list of facilities included, among others, both paved roads and dirt roads. Since it did not make sense to ask what was the distance to the nearest dirt road to those households who lived on or near a paved road, the questionnaire offered "not applicable" as an answer, and the interviewer manual explained that "not applicable" was to be used in these cases only. Consequently, "not applicable" answers were interpreted to mean that the facility was near the household and the distance was zero. However, it turned out that "not applicable" had been used in a number of cases where the facility, instead of being present near the household, was actually very far. Moreover, it was noticed that the "not applicable" answer was sometimes used for facilities other than dirt roads. For all of these cases, the distance was missing. Treating all "not applicable" as very near was not correct -- distances to facilities were underestimated, as a distance of zero was assigned to a number of households who were instead very far from facilities.

To correct for this problem, a distance had to be estimated when the response was "not applicable" and the true distance was missing. The method used was to replace the missing distance with the median distance for the facility in the ward where the household lived. The ward medians were calculated based on non-missing observations. Where all observations were missing for a ward, the distance was left missing.

All average distances were then recalculated. The problem, and thus the difference in estimates, was negligible for primary schools, health posts, cooperatives, Krishi Kendra, Commercial banks/branch offices, and market centers, for which the percentage of households not reporting was less than 3 percent, as can be seen from Table 1. The problem was more significant for bus stops, paved roads, and dirt roads, for which the percentages of missing responses were five, eight, and 16 percent respectively. Thus, the difference between the figures reported in Volume 1 and the current estimates is quite significant for these facilities. The problem was so pervasive for haat bazaars that the results are not too informative (only 61 percent of households responded, and for only 13 percent of the non-respondents could a ward median be used).

Corrected Results

Tables 1-4 present corrected results on distance to facilities. The main differences between these numbers and those reported in Volume 1 is in access to bus stops, roads, and haat bazaars. A smaller percentage of households than reported earlier has access to a paved road within half an hour (24 versus 30 percent), while a higher percentage (32 versus 29) needs more than three hours to travel to a paved road. 22 percent report being more than three hours away from a dirt

road (24 percent in rural areas). Rural households report that the average travel time to a dirt road is three hours and forty minutes, to a bus stop more than four hours, and to a paved road five-and-a-quarter hours (that this may include time spent both walking and by bus).

As for haat bazaars, 39 percent of the households did not give a distance. Of these, 12 percent are urban households that are likely to have access to other markets; 88 percent are rural, and probably do not have easy access to other markets. Among the households that reported their distance to haat bazaars, or for which a ward median was available, 82 percent of urban households and 39 percent of rural households have access within half an hour.

Table 4.1: Distribution of Households by Time taken to reach the Nearest Facility

Facilities	Up To 30 Minutes	30 Minutes To 1 Hour	1 - 2 Hours	2 - 3 Hours	3 Hours & More	Total
URBAN						
Primary School	97.40	2.11	0.49	0.00	0.00	100.00
Health Post	88.70	10.36	0.94	0.00	0.00	100.00
Sajha (Cooperative)	85.39	12.56	1.67	0.09	0.29	100.00
Krishi Kendra	80.54	17.43	1.75	0.09	0.19	100.00
Comm.Bank/Branch Office	89.77	8.92	1.22	0.09	0.00	100.00
Market Centre	88.78	10.00	1.13	0.09	0.00	100.00
Local Shop	97.5	2.29	.06	0.00	0.11	100.00
Haath Bazzar	82.12	15.85	1.85	0.00	0.18	100.00
Paved Road	94.92	4.04	0.94	0.09	0.00	100.00
Dirt Road, Vehicle Passable	99.13	0.33	0.06	0.00	0.48	100.00
Dirt Road, Vehicle Impassable	99.34	0.12	0.00	0.00	0.55	100.00
Bus Stop	89.44	9.46	0.99	0.00	0.10	100.00
RURAL						
Primary School	87.73	8.41	2.99	0.37	0.50	100.00
Health Post	41.33	26.10	19.29	8.26	5.03	100.00
Sajha (Cooperative)	21.15	19.87	24.78	13.93	20.27	100.00
Krishi Kendra	19.94	20.17	26.15	14.93	18.81	100.00
Commercial Bank/Branch Office	15.23	18.40	26.63	17.07	22.67	100.00
Market Centre	19.12	17.11	26.62	14.95	22.20	100.00
Local Shop	77.50	9.91	7.51	2.00	3.08	100.00
Haath Bazzar	39.29	19.82	14.00	7.32	19.56	100.00
Paved Road	18.36	14.03	19.60	13.32	34.69	100.00
Dirt Road, Vehicle Passable	54.74	6.81	7.71	6.65	24.10	100.00
Dirt Road, Vehicle Impassable	89.38	3.34	3.85	1.34	2.09	100.00
Bus Stop	28.42	15.73	17.24	12.00	26.60	100.00

NEPAL

Primary School	88.44	7.95	2.81	0.34	0.47	100.00
Health Post	44.81	24.94	17.94	7.65	4.66	100.00
Sajha (Cooperative)	25.90	19.33	23.07	12.90	18.79	100.00
Krishi Kendra	24.45	19.97	24.33	13.83	17.43	100.00
Commercial Bank/Branch Office	20.71	17.70	24.76	15.82	20.01	100.00
Market Centre	24.21	16.59	24.76	13.87	20.57	100.00
Local Shop	78.97	9.35	6.96	1.86	2.86	100.00
Haath Bazaar	41.38	19.63	13.41	6.96	18.62	100.00
Paved Road	24.19	13.27	18.18	12.31	32.05	100.00
Dirt Road, Vehicle Passable	57.98	6.34	7.15	6.16	22.37	100.00
Dirt Road, Vehicle Impassable	90.02	3.13	3.60	1.25	1.99	100.00
Bus Stop	33.07	15.26	16.01	11.08	24.59	100.00

Note: The time taken to reach the facility is measured irrespective of the mode of transport used by the household. The mode of transport includes Foot (without load), Bicycle, Motorcycle, Car/Bus and Mixed (foot plus vehicle)

Table 4.2: Distribution of Households by Time taken to reach the Nearest Facility by Quintiles (Percent)

Facilities	Up To 30 Minutes	30 Minute To 1 Hour	1 - 2 Hours	2 - 3 Hours	3 Hours & More	Total
FIRST QUINTILE						
Primary School	79.27	13.28	5.50	0.63	1.32	100.00
Health Post	29.08	26.08	26.57	12.49	5.78	100.00
Sajha (Cooperative)	12.83	16.43	23.01	15.97	31.76	100.00
Krishi Kendra	12.43	17.77	24.50	16.85	28.47	100.00
Commercial Bank/Branch Office	9.67	14.81	24.37	11.99	31.16	100.00
Market Centre	12.96	15.42	21.92	16.10	33.60	100.00
Local Shop	67.66	12.63	9.71	3.36	6.63	100.00
Haath Bazaar	30.45	20.67	13.39	6.20	29.29	100.00
Paved Road	16.48	11.07	15.94	16.50	40.01	100.00
Dirt Road, Vehicle Passable	46.73	7.02	5.31	8.48	32.45	100.00
Dirt Road, Vehicle Impassable	84.34	6.24	4.69	1.17	3.56	100.00
Bus Stop	21.93	13.47	17.47	16.23	30.90	100.00
SECOND QUINTILE						
Primary School	87.98	8.52	2.68	0.40	0.42	100.00
Health Post	40.67	27.60	20.22	7.83	3.67	100.00
Sajha (Cooperative)	19.69	21.26	25.70	13.92	19.43	100.00
Krishi Kendra	16.66	22.96	26.63	15.16	18.58	100.00
Commercial Bank/Branch Office	12.09	19.58	30.22	17.17	20.93	100.00
Market Centre	16.06	19.80	29.59	15.24	19.31	100.00
Local Shop	77.53	8.32	9.62	2.34	2.18	100.00
Haath Bazaar	39.29	22.66	13.82	6.12	18.12	100.00
Paved Road	17.42	17.00	25.05	10.87	29.66	100.00
Dirt Road, Vehicle Passable	58.94	6.77	7.30	4.41	22.58	100.00
Dirt Road, Vehicle Impassable	88.39	2.41	5.77	0.52	2.91	100.00
Bus Stop	28.77	18.98	19.10	9.35	23.80	100.00

THIRD QUINTILE

Primary School	88.51	8.84	2.32	0.11	0.22	100.00
Health Post	43.16	27.44	19.32	4.91	5.17	100.00
Sajha (Cooperative)	21.86	22.06	25.58	13.79	16.71	100.00
Krishi Kendra	20.34	21.55	27.75	14.47	15.88	100.00
Commercial Bank/Branch Office	16.63	19.73	27.68	17.25	18.71	100.00
Market Centre	21.32	18.61	27.63	13.97	18.47	100.00
Local Shop	78.31	11.74	5.84	1.12	2.99	100.00
Haath Bazaar	46.65	18.94	12.14	6.27	16.00	100.00
Paved Road	17.50	15.85	21.70	14.88	30.07	100.00
Dirt Road, Vehicle Passable	58.73	7.41	7.47	5.84	20.55	100.00
Dirt Road, Vehicle Impassable	91.98	2.88	1.83	2.12	1.20	100.00
Bus Stop	29.45	18.02	17.22	11.65	23.67	100.00

FOURTH QUINTILE

Primary School	91.55	5.09	2.71	0.31	0.34	100.00
Health Post	48.24	24.22	16.03	6.87	4.64	100.00
Sajha (Cooperative)	28.92	16.40	24.47	13.9	16.81	100.00
Krishi Kendra	27.32	16.71	26.17	14.66	15.14	100.00
Commercial Bank/Branch Office	20.60	17.19	25.94	16.78	19.49	100.00
Market Centre	26.30	13.92	25.57	15.29	18.92	100.00
Local Shop	82.35	7.94	6.00	1.94	1.78	100.00
Haath Bazaar	43.93	19.83	11.44	7.83	16.96	100.00
Paved Road	24.24	12.61	17.08	12.78	33.30	100.00
Dirt Road, Vehicle Passable	59.50	5.47	7.58	7.25	20.25	100.00
Dirt Road, Vehicle Impassable	92.32	2.71	2.67	.78	1.52	100.00
Bus Stop	33.37	14.59	15.73	11.63	24.68	100.00

FIFTH QUINTILE

Primary School	92.35	5.61	1.50	0.33	0.21	100.00
Health Post	56.99	20.90	10.89	7.05	4.17	100.00
Sajha (Cooperative)	40.03	20.30	17.99	8.91	12.76	100.00
Krishi Kendra	38.77	20.95	18.30	9.63	12.35	100.00
Commercial Bank/Branch Office	37.72	17.20	17.87	10.01	17.19	100.00
Market Centre	38.27	15.85	20.30	10.02	15.56	100.00
Local Shop	85.34	7.12	4.97	1.00	1.57	100.00
Haath Bazaar	43.83	16.65	16.37	8.10	15.05	100.00
Paved Road	39.13	10.57	12.94	8.17	29.17	100.00
Dirt Road, Vehicle Passable	63.02	5.45	7.65	5.11	18.76	100.00
Dirt Road, Vehicle Impassable	91.47	2.07	3.60	1.53	1.33	100.00
Bus Stop	46.93	11.96	12.02	7.91	21.18	100.00

**Table 4.3: Mean Time taken by Urban / Rural Households
to reach Facilities**

Facilities	Meantime To Reach Facility		
	Urban	Rural	
	Minutes	Hours	Minutes
Primary School	12	-	25
Health Post	21	1	17
Sajha (Cooperative)	27	2	38
Krishi Kendra	28	2	32
Commercial Bank/Branch Office	19	2	58
Market Centre	19	3	8
Local shop	9		41
Haath Bazaar	29	4	51
Paved Road	9	5	17
Dirt Road, Vehicle Passable	5	3	39
Dirt Road, Vehicle Impassable	5		32
Bus Stop	19	4	4

Table 4.4: Mean Time taken by Households to reach Facilities by Quintiles

FACILITY	Quintiles									
	First		Second		Third		Fourth		Fifth	
	Hour	Minute	Hour	Minute	Hour	Minute	Hour	Minute	Hour	Minute
Primary School	-	34	-	24	-	22	-	24	-	19
Health Post	1	32	1	22	1	14	1	7	-	56
Sajha (Cooperative)	3	44	2	27	2	27	2	17	1	49
Krishi Kendra	3	13	2	30	2	34	2	17	1	40
Commercial Bank/Branch Office	3	45	2	50	2	55	2	37	2	5
Market Centre	4	35	2	58	2	43	2	44	2	6
Local Shop		57		39		43		34		27
Haath Bazaar	6	57	5	12	3	48	3	16	3	1
Paved Road	6	22	5	10	4	55	4	39	3	57
Dirt Road, Vehicle Passable	5	9	3	28	2	57	2	56	2	54
Dirt Road, Vehicle Impassable		42		37		25		26		24
Bus Stop	4	50	3	56	4		3	36	2	58

ANNEX 1

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