

Poverty has reduced in Nepal, but unequal distribution of wealth exists: Survey

September 27, 2006, Nepal News

In a stark revelation of widely unequal distribution of wealth, a report by Central Bureau of Statistics (CBS) has shown that in 52 districts of the country, the average proportion of people living below the poverty line is more by four percent compared to national average.

Even as the Nepal Living Standard Survey (NLSS II) 2003/04 had shown that the average proportion of population living below the poverty line in the country had come down from 42 to 31 percent in between 1995/96 and 2003/04, a separate report by the CBS released on Tuesday showed that the percentage of population under poverty line in 52 districts is 35. Furthermore, the report adds that in more than 25 remote districts, between 45 to 60 percent of people are living below poverty line. According to the CBS report on migration, conflict and poverty incidence, Sindhuli district has fared the worst with 60 percent of its population living below poverty line.

The joint survey conducted by the Central Bureau of Statistics (CBS), National Planning Commission (NPC), the World Bank, British Development agency DFID and Asian Development Bank (ADB), shows that during the period, the country had achieved remarkable progress on health, education and infrastructure development. During the period, the level of poverty incidence came down due to increased inflow of remittances from Nepalese workers abroad. Unveiling the report, vice chairman of National Planning Commission Dr. Jagadish Chandra Pokharel said it will help the government determine priorities.

Earlier, the NLSS II carried out by CBS with the help of the World Bank had showed that average income has increased by 80 percent in the period. The reasons attributed for the decrease in poverty are the increasing receipts of remittances, increase in average agriculture and non-agriculture wage, increase in economically active population and growth in urbanisation.

During the period, incomes of those self-employed in trade and services, businesses, with large landholdings and families led by women had increased. However, the families fully dependant on agriculture, those with less landholding, illiterate and families with more than six members were still found below the line of poverty. Remittance had proved to be a boon. The number of households receiving remittance income had increased by 9 percent to reach 32 percent in the period. For every 11 youths, one is working overseas. Likewise, those involved in commercial vegetable farming, educated and with few family members also increased their income.

A total of US\$794 million in remittance entered Nepal in 2003-04, up from US\$203 million in 1995-96. This is 12 percent growth in Nepal's GDP. Likewise, agricultural wages increased by 25 percent, non-agricultural unskilled wages rose by 20 percent and skilled wages doubled. Although the NLSS II data showed remarkable reduction in poverty, the gulf between the rich and poor has further increased. According to the NLSS II, the indicator showing the unequal distribution of income had increased from 0.34 to 0.41 percent during the period. The urbanization had doubled in the eight years with its growth rate climbing to 15 from 7 percent. The rate of poverty reduction is lesser in rural areas compared to urban areas. According to the NLSS II, urban poverty reduced by 56 percent while that of rural areas declined only by 20 percent.