

## State of Poverty in Nepal

*Dipesh Kumar Ghimire\**

*Poverty is lacking essential goods and services or deprived from it. The poor people are deprived from the basic facilities like food, shelter, cloth, education, health that they need for surviving and spending normal life. Poverty is the deprivation of material; physical and social needs and it is a multidimensional phenomenon which is deeply rooted in social and cultural norms in the community level. Poverty is an inability to meet the basic needs like food, housing, clothing, basic health care facilities, education, and other kinds of physical wellbeing. Poverty is the widespread phenomenon in Nepal. This article provides the trends, disparities, and variation of the poverty in Nepal. This study finds out that Nepal has been making slow but steady progress in reducing the poverty since long period of time. The poverty has decreased from 42 percent in 1996 to 31 percent until 2004. Similarly, it has decreased to 18.7 percent until 2019. There is high provincial disparity in terms of poverty in Nepal. Similarly, poverty is high in the rural areas compared to the urban areas. The strategies and approaches for poverty reduction in Nepal are not effective. So, there has not been positive changes in the process.*

[**Keywords** : Poverty, Deprivation, Disparity, Poverty Reduction, Nepal]

---

\* Assistant Professor, Central Department of Sociology, Tribhuvan University, Kirtipur, Nepal and Research Scholar, The Graduate School of Economics, SOKA University, Hachioji, Tokyo-192-8577 (Japan) E-mail: <e22d0602@soka-u.jp; dipesh.ghimire33@gmail.com>

---

**CONTEMPORARY SOCIAL SCIENCES, Vol. 31, No. 3 (July-September), 2022**  
**Peer Reviewed, Indexed & Refereed International Research Journal**

## **1. Introduction**

In general, poverty is the lack of food, shelter, clothes, other basic needs and lack of property, low level of living standard and weak conditions of all the spheres of human life. There exists various definitions of poverty. World Bank (2016) defines poverty as the hunger, lack of shelter, basic health and education facilities. Jenson (2009) has defined poverty in a different way. According to him, poverty is not only the lack of economic resources but also the aspects of people's life including cultural, social and psychological aspects. He further argues that poverty is the chronic and debilitating condition which affects mind, soul and body of individuals. Jenson (2009) stated about six different types of poverty. These are; situational poverty, relative poverty, absolute poverty, urban poverty, rural poverty, and generational poverty.

Sen (1999) focussed on human capability while defining the poverty. He highlighted that poverty is the result of lack of basic capabilities to achieve well-being. In the meantime, Nikku and Azman (2014) gave more emphasis on social exclusion in poverty debate. Crossman (2019) gives sociological definition of poverty. According to him poverty is a social condition which is characterized by the lack of basic resources for survival or necessary to meet a certain minimum level of living standards expected for the place where one lives a life of human being.

In this way, if we look at various definitions of poverty, lack of material, social and economic resources an individual requires to live a healthy and well being life can be said as poverty. The definition of poverty can be different in accordance with the level of income. So, to simply understand about it, poverty can be said as the lack of access of food, shelter, and clothes. Similarly, it also includes inadequate or absent of education and health care contributing to alienate the individual from the mainstream society.

This study has tried to explain the historical changes in the situation of poverty in Nepal. Similarly, the regional, rural-urban disparities of poverty has also been proved to explain. This study was conducted from April to July of the year 2022.

## **2. Poverty in Nepal's Periodic Plan**

If we analyze the history of political economy of Nepal, political development process has directly affected the economic growth and

development of Nepal. The 104 year long autocratic Rana rule ended in Nepal on February 18, 1951. For about a decade after this political transformation, the political system was in transient state. During this time, the economic agendas and programs were hardly surfaced. Since the beginning of 1950s, the inflow of foreign grant and aid to Nepal began from USA, India, China, USSR, and other countries. The mixed economic model was adopted in Nepal from that time in which the state and the market led private sector complemented each other. The National Planning Commission and the Nepal Rastra Bank were established in Nepal in 1956. After this, the planned development started in Nepal.

NPC drafted and introduced first five year plan (1956-1961) in 1956. However, the situation of the country was very weak and unfavorable for its implementation. At that time, the education status of the country was weak with the National Illiteracy of 95 percent. The health status was equally weak. The birth rate and the death rate were equally higher. The country lacked skilled manpower and the necessary infrastructures. The economic status of the country was weak and high poverty prevailed. Though, poverty was the most promising problem of the country, the first five periodic plans did not include the agenda of poverty alleviation in any plan, policy or strategy. The first five year plan (1956-61) had not included the agenda of poverty, however, stated that a large population of Nepal was in poverty (NPC, 1956).

While the first five-year plan was being implemented, the first general election was held on 1959. The Nepali Congress party formed the government with majority. This government continued the mixed economic policy and strategy. The government kept the land reform work in the first priority which was directly related to the poverty alleviation. Due to this, the conservative landowners went against the government. As a result, King Mahendra took over the power and implemented the partyless autocratic Panchayat regime on December 15, 1960 (Seddon, 1987). This political change had put negative impacts on the economic growth activities in the country.

The land reform program got implemented again in 1964. According to Seddon (1987) this program abolished intermediaries in the land revenue collection system in Nepal. However, the land distribution program which was focussed for landless could not be much effective. As a result, the poor landless people could not get

ownership over land. Thus this program could not contribute in poverty alleviation at that time. After this in the second and third periodic plan, the poverty alleviation issue was not included. In the fourth periodic plan (1975-80), it was tried to analyze the cause of poverty stating that 'low productivity is the root cause of poverty'. However, the periodic plan was silent in developing the plan, policy, strategy and program for poverty alleviation. Similarly, the fifth periodic plan has neither stated about the poverty alleviation issue. The first five periodic plans have not included about the poverty status of the country, the number or percentage of poor people, or the policy, programs and strategy for poverty alleviation works.

The foreign loan aid and loan got peaked after establishment of the Panchayat system in Nepal in 1960. During the time, western democratic countries provided 'soft aid' to Nepal for infrastructure development and poverty reduction related works. Similarly, socialist countries like USSR and China supported to built large factories, road, transportation, hydropower etc. India also provided aid to road, education, and health facilities sectors to Nepal. Not only this kind of foreign aid and loan helped in development of the country, but also a basis for poverty reduction was formed. The next positive aspect of the Panchayat system was the introduction of the national education system plan in 1971. This plan created an open environment for the private sectors to invest in schools and higher education (Manandhar, 1995).

In the meantime, the sixth five year plan (1980-85) introduced the poverty alleviation issue for the first time. It was stated production should be increased in a faster rate for poverty reduction. Also, the poverty reduction strategy included the women involvement and programs for farmers. According to this plan, the living standard of the people living below the line of absolute poverty can be improved only if the workforce is utilized effectively to achieve desirable progress in National production (NPC, 1980). Similarly, from the seventh five year plan (1985-1990), poverty reduction has been included as a separate plan. The plan identified that extensive poverty is the main problem of the Nepalese economy and the increasing production is the only solution for gradual removal of widespread poverty from the country (NPC, 1985).

The 1989 movement was held demanding the multi-party democracy. After that the Panchayat regime was eventually

overthrown in 1990. After this, general election was held in 1991 and the Nepali Congress party was elected with an absolute majority. After the restoration of democracy in 1990 the poverty reduction became the main agenda in development discourse. The Eighth plan (1992-97) and Ninth plan (1997-2002) had main objective of poverty reduction in Nepal (Chaudhary, 2018). Furthermore, tenth plan (2002-2007) to Fifteenth plan (2019-2024) have kept the poverty reduction as the single objective of the country.

Eighth plan gave more emphasis to fulfilling the objectives of poverty alleviation in the country. The plan had the principal objective of poverty reduction. The plan also emphasized in formulating integrated and inter-regional programmes, focused in creating productivity assets and employment opportunities for poverty reduction. 9 million (i.e. 49 percent of Nepal's total population) was estimated to have been living in absolute poverty during the beginning of the eighth plan period. For reducing the absolute poverty, the plan had taken this issue as the cross-cutting issue and formulated the policy and programmes accordingly (NPC, 1992).

Similarly, the Ninth plan (1997-2000) had the main objective of poverty alleviation. The plan had a target of reducing poverty from 42 percent to 32 percent during the plan period. The plan had also aimed to improve the living standard of the people below the poverty line (NPC, 1997). Tenth plan (2002-2007) also gave priority to poverty alleviation. For this, the objective included improving economic, human and social indicators. The plan focussed on strengthening the capacity of the private sectors and encouraging them in contributing to the social and economic development activities (NPC, 2002).

Three year interim plan (2007/08-2009/10) had the main objective if reducing the existing poverty in the county. The plan had aimed in reducing the poverty of the country from 31 percent to 24 percent through social justice, economic growth and equitable distribution (NPC, 2007). However, the aim could not be achieved. Until the end of the plan period, the poverty was reduced to 25.4 percent (NPC, 2010). Twelfth plan (2010/11-2012/13) had aimed of reducing poverty from 25.4 percent to 21 percent. However, the twelfth plan also could not achieve the aim. During the plan period, poverty was reduced to 23.8 percent (NPC, 2013). The major objective of the thirteenth plan (2013/14-2015/16) was to reduce the poverty to

18 percent through contribution and involvement of private sectors, government and cooperative sectors in development process (NPC, 2013). The poverty was reduced to 21.6 percent until the end of this planning period (NPC, 2016).

The fourteenth plan (2016/17-2018/19) had aimed of reducing poverty to 17 percent from 21.6 percent. For this, the focus was given in transforming agriculture, tourism, industries, physical infrastructure development, social development among others (NPC, 2016). The poverty was reduced to 18.7 percent until the end of the plan period. The strategy of the plan was constructing equitable society with poverty alleviation and socio-economic equality (NPC, 2019).

While we study about all 15 periodic plans in a micro level, the poverty alleviation has been the major agenda and plan, strategy and programmes have been developed accordingly. Most of the periodic plan had poverty reduction as the main objective. However, the implementation status and achievement of the objectives is very poor. Thus, the poverty alleviation work has not been effective.

### **3. Measurement of Poverty in Nepal**

Measuring poverty is a complicated process (Sen, 1979). Few scholars and institutions have developed the method of measuring it. In the beginning, the unidimensional indicators based on income or consumption expenditure were identified in measuring poverty (Atkinson, 1970). Later, the concept that single indicator can not cover the multiple aspects of poverty was developed (Anand and Sen, 1997). Townsend (1979) developed the concept of multi-dimensional measurement of poverty. IRP (2020) has stated the two types of poverty measurement process. First is the official poverty measurement and next one is supplemental poverty measurement.

Foster et al. (1984) developed the concept of multi-dimensional poverty Index (MPI). They used the different indicators to measuring the poverty beyond the income and expenditure based measurement of poverty. Based on this, the global MPI was designed in 2010 by OPHI and UNDP. MPI complements traditional monetary poverty measures by capturing the acute deprivations in education, health and living standards (OPHI, 2013). The MPI has become a popular and effective method which has replaced the previous approaches (Dhongde and Haveman, 2017). Poverty measurement and estimation cannot be taken on a linear fashion (Gyanwali, 2020).

However there are many other factors that contribute to fluctuation in poverty rate (Subedi, 2019).

If we look at the history of poverty measurement in Nepal, NPC from 1976/77 and Nepal Rastra Bank from 1984/85 have been measuring the poverty in Nepal adopting various methods (Gyanwali, 2020). A household budget survey conducted by the Nepal Rastra Bank (NRB) in 1984 revealed 41.5 percent of the population living below the poverty line. A study carried out during the formulation of the Eighth plan found out that due to increasing population pressure and unequal distribution of resources about 49 percent people fell below the poverty line (NPC, 1992). Other institutions have also carried out the study for poverty measurement in Nepal at various time in the history (Table-1).

**Table-1 : Poverty in Nepal**

Source	Year	Sample HH	Calorie Requirement Day	Poverty Line/ Person/ Rupees	Incidence of Poverty (%)
NPC	1976/77	-	2256	-	36.2
NRB	1984/85	-	2250	-	42.5
WB/UNDP	1989	-	2250	-	40.0
NLSS I/CBS	1995/96	3912	2124	5089	41.8
NLSS II/CBS	2004/05	3373	2144	7696	30.8
NLSS III/CBS	2010/11	7200	2220	19261	25.2
MPI/NPC	2016	12000	-	-	28.6
MPI/NPC	2018	-	-	-	18.7

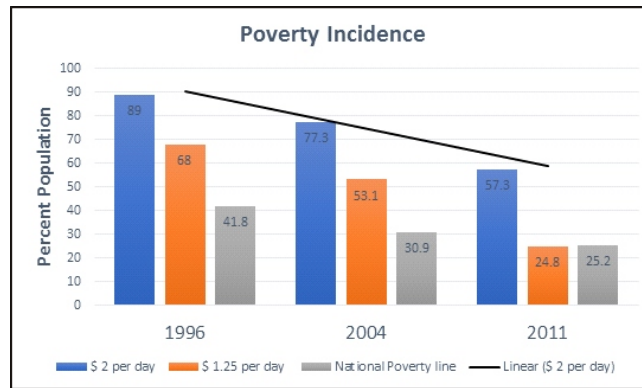
**Source :** Content Analysis (2022)

The table-1 shows clearly about the historical poverty state of Nepal. The study carried out by NPC in 1976/77 showed 36.2 percent poverty in Nepal. According to the study carried out by Nepal Rastra Bank later in 1984/85 showed that poverty increased to 42.5 percent. The poverty has decreased to 18.7 percent until June 2018.

Various other independent studies have showed different figures though Alkire et. al. (2011) findings suggested that 44.2

percent of people were multi-dimensionally poor in Nepal in 2011. It was higher than income based measurement approach (25.2 percent) of Nepal according to the Living Standard Survey 2010/11. The Nepal Human Development Report (NHDR) 2014 estimated about 31.1 percent people were poor in Nepal.

Nepal Living Standard Survey (NLSS) was conducted in Nepal from 1995/96. NLSS was conducted in Nepal for three times, in 1995/96, 2004/05 and 2010/11. The NLSS had carried out the poverty in Nepal adopting basic needs approach. Based on national poverty line, there were 41.8 percent poor people in 1996. This number decreased to 30.9 percent in 2004 and 25.2 percent in 2011. During this time, there had been significant increase in national per capita income too. The per capita income was NRs 7696 in 2004 which increased to NRs. 19,261 until 2011. During the time, the poverty seems to have decreased based on the international poverty line (\$ 1.25 per day) as well (Figure-1).



**Figure-1 : Nepal Living Standard Survey's poverty line**

The poverty in Nepal has been decreasing from 68 percent in 1996 to 53.1 percent in 2004 and 24.5 percent in 2011. Similarly, based on American Dollar, it was 89 percent in 1996 which decreased to 77.3 percent in 2004 and 57.3 percent in 2011 (Table-2).

**Table-2 : Changing Dynamics of Poverty Ratio in Nepal**

Year	Total Population (In Million)	Poverty percentage	Population under the poverty line (in Million)
1995/96	20.50	41.80	8.57
2003/04	24.70	30.85	7.62
2010/11	26.49	25.20	6.68



2015/16	28.33	21.60	6.12
2017/18	29.10	18.70	5.44

**Source :** Karki (2021)

From the table-2, it can be clear that through about 2 decades, the poverty in Nepal has been decreasing. It was 41.8 percent in 1995/96 which decreased to 18.7 in 2017/18. There were 8.57 million people living under the poverty line which decreased to 5.44 million during this period. The poverty decreased by about a half during the 20 years period, however, the poverty is one of the prominent problem in the country. The provincial poverty inequality is more prominent.

#### 4. Poverty in Provincial Level

There are seven Provinces and 753 local levels along with the federal government in Nepal. There is inequality in poverty in the provinces (Table-3).

**Table-3 : Level of Poverty in Provincial Level in Nepal**

Poverty in Provincial Level	Indicators		
	Population under absolute Poverty	Multi-dimensional Poverty rate	Unemployment rate
Nepal	18.7	28.6	11.4
Province 1	12.4	19.7	10.2
Madhesh	19.8	47.9	47.9
Bagmati	15.3	12.2	7.0
Gandaki	15.5	14.2	9.0
Lumbini	18.2	29.9	11.2
Karnali	28.9	51.2	9.7
Sudurpachhim	33.9	33.6	11.5

**Source :** Economic Survey 2018/19

According to the table above, the poverty in Madhesh, Lumbini, Karnali and Sudurpaschim provinces is above the national average. The poverty is highest in Sudurpaschim province with 33.9 percent while it is least in Province 1 with 12.4 percent. In the meantime, the multi-dimensional poverty rate is highest in Karnali

province and lowest in Bagmati province. The MPI also shows similar picture of province level poverty in Nepal (Table-4).

**Table-4 : Severe and Vulnerable Poverty of Provinces in Nepal**

S. No.	Provinces	Severe Poverty	Vulnerable Poverty	Poverty Rate (%)
1	Province 1	17.4	29.5	12
2	Madhesh	20.8	21.5	35
3	Bagmati	4.7	20.5	9
4	Gandaki	5.6	22.1	5
5	Lumbini	8.2	20.1	20
6	Karnali	10.3	20.6	8
7	Sudurpachhim	6.6	25.9	11

Source : NPC (2018)

The severe poverty rate is highest in Madhesh province with 20.8 percent according to the above table and least in Bagmati province with 4.7 percent. Similarly, vulnerable poverty is highest in Province 1 with 29.5 percent while least in Lumbini province with 20.1 percent. There is inequality in multidimensional poverty in provinces as well (Table-5).

**Table-5 : Multidimensional Poverty by Provinces, 2019**

Provinces	Population Share (%)	MPI Value	Incidence (H %) value	Intensity (A%) value	Poor (number in thousand)
Province 1	17.0	0.066	15.9	41.4	773
Madhesh	18.7	0.109	24.2	45.0	1,296
Bagmati	23.3	0.028	7.0	40.3	470
Gandaki	8.2	0.035	9.6	36.4	227
Lumbini	18.4	0.078	18.2	43.1	958
Karnali	5.6	0.169	39.5	42.9	636
Sudurpachhim	8.7	0.105	25.3	41.3	631
National	100	0.074	17.4	42.5	4,980

Source : NPC, 2021

The Table-5 on the preceding page presents the sub-national and national estimates for the MPI, the incidence (H) and the intensity of poverty (A). According to the table, Karnali province has the highest level of multidimensional poverty with an MPI of 0.169. 4 of every 10 people in Karnali province are multi-dimensionally poor. Madhesh province and Sudurpaschim province ranks second and third in terms of multidimensional poverty. The table also shows that the lowest level (MPI-0.028) and incidence (H:7 percent) of poverty are found in Bagmati province. Similarly, the lowest number of poor people is found to be in Gandaki province. According to NPC (2021) 39.5 percent of people in Karnali Province are poor in terms of MPI. Similarly, 25.3 percent in Sudurpashchim Province and 24.2 percent in Madhesh Province are poor in terms of MPI. In contrast, in Gandaki Province 9.6 percent of people are multidimensionally poor, while this falls to 7.0 percent in Bagmati Province.

## **5. Disparities between Rural and Urban Areas**

Various studies show that the rural poverty is more prominent than urban poverty in Nepal. During the time, though the overall population of the country living under the poverty line has been decreasing, the poverty disparities have not been improving. The urban poverty was 21.6 percent in 1996 which decreased to 10 percent in 2004 but increased again to 15.5 percent in 2011. However, the rural poverty was 43.5 percent in 1996 which decreased to 35 percent in 2004 and to 27.4 percent in 2011. According to NPC (2010), the urban poverty was 10 percent and in contrast, the rural poverty was 35 percent. Until 2009, the urban poverty decreased to 8 percent while the rural poverty was 28.2 percent.

According to the first NLSS, urban poverty was about 23 percent and was only 4 percent in the Kathmandu valley alone which is very less compared to overall national poverty incidence of 42 percent of the population. The report showed that there is geographical disparity in poverty of the country as well. The poverty was 42 percent in the Terai region, 41 percent in the hill region and 56 percent in the Himalayan region (CBS, 1994). At the beginning of the ninth five-year plan, 36 percent of the total population of Nepal was under the poverty line of which 23 percent lived in urban areas while 44 percent people lived in the rural area (NPC, 1997).

The seventh plan (1985-90) had brought the concept of local resource mobilization with the use of increased resources,

production and employment oriented programmes for poverty reduction. However, the concept could not contribute much in rural poverty alleviation. The various programmes were implemented for economic progress in the country from 1985. These programs were able to contribute directly in non-agricultural sectors which did not have effect on rural sector. The programs could not contribute in rural poverty alleviation.

Due to the weaknesses in plan implementation, the rural poverty could not improve substantially. There is still huge difference in rural and urban poverty. According to NPC (2021) total 28 percent of rural dwellers were MPI poor, compared to 12.3 percent in urban areas in 2018. Various plans were formulated from the eighth five-year plan specially focussed for poverty reduction in Nepal. Professionalization of agriculture, local resources mobilization, identification of poor and distribution of allowance, aid in animal husbandry were some of these programs. However, poverty exists in Nepal as a rural phenomenon (Table-6).

**Table-6 : Multidimensional Poverty by Rural/Urban Areas, 2019**

Index	Urban		Rural	
	Population Share (%)	Value	Population Share (%)	Value
MPI	67.3	0.053	32.7	0.119
Head Count Ratio (H%)		12.3		28.0
Intensity (A,%)		42.6		42.4

**Source :** NPC (2021)

The above table clearly shows that the incidence of poverty is higher in rural areas than the one for urban areas with 28 percent in rural areas and 12.3 percent in urban areas. About two thirds of the country's population (28.6 million) now live in the urban areas. This shows that a big population of Nepal is still multi-dimensionally poor.

## **6. Poverty and Human Development Report**

The Nepal Human Development Report (NHDR) gives more emphasis on capability development and is focused on multi-dimensional approach to measure the poverty (NSAC, 1998). Similarly the 2001 HDR focused on poverty reduction and

governance. This report stated that poverty in Nepal is a manifestation of governance crisis. According to HDI reports, the HDI values of Nepal have been increasing over time (Table-7).

**Table-7 : The Trends in Nepal's HDI Value Over Time**

Year	HDI Value
1990	0.378
2000	0.446
2005	0.475
2010	0.529
2015	0.566
2016	0.569
2017	0.574
2018	0.579
2019	0.587
2020	0.602

**Source :** Various HDI Reports

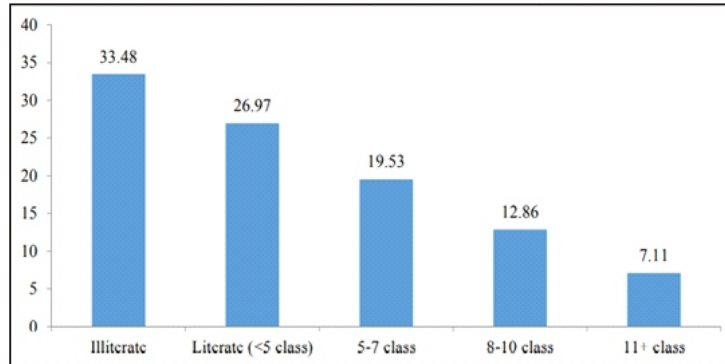
The table above shows the continuous progress in HDI in Nepal. From 1990 to 2020, the HDI value has increased from 0.378 to 0.602. This makes clear that there has been continuous progress in poverty status of the country. During this period, life expectancy, expected years of schooling and per capita income has increased. However, there is no progress in absolute poverty status of the country. There is no substantial progress in rural poverty.

## **7. Education and Poverty**

There is close relationship between education and poverty (Sen, 1999). Education contributes to diminish poverty but poverty always restricts access to education. In many developing and under-developed countries like Nepal, poverty is a big constraint for access to the education. Education is the best instrument to fight against the poverty. Education plays an important role in enhancing (Figure-2).

The figure on next page clearly shows that education seems to be an instrument to improve the living standard and quality of life of people. With the improvement of level of education of the household leader, it helps directly to poverty reduction. The household with higher poverty level are also deprived of education facilities. Similarly, according to various studies, investment in women's

education makes sense for achieving a victory against poverty. In this way, education and poverty have causal relationship and they both are reinforcing to each other while access to quality education directly contributes to break the vicious circle of poverty and improve the people's ability and capability. Education also supports to develop the ability of a person to utilize the existing facilities. Educated people can raise their voice and demand for good public services and goods.



**Figure-2** : Education status of household head and % of household below poverty line (Source : CBS, 2011).

## 8. Poverty Reduction Approaches in Nepal

The Poverty reduction has always been an overriding concern of Nepal's development planning exercises, but only since the sixth plan has it been explicitly stated as development activities. The GoN has formulated a program in seventh plan for fulfillment of basic needs and it also developed the first separate plan for reducing poverty. Furthermore poverty reduction was the major objective of the Eighth plan. Ninth Plan gave more emphasis on poverty alleviation and it also established long-term goals for improving development indicators in all sectors. Reducing poverty was the sole objective of this plan. The GoN developed and implemented the master plans for poverty reduction (ADB, 2002). Tenth Plan also focused on the poverty reduction. The GoN had also formulated poverty reduction strategy in this plan. The plan had kept an aim of reducing poverty from 38 percent to 30 percent by the end of the plan period. This plan categorized poverty into three broader dimensions. These are income poverty, human poverty and social exclusion.

Tenth Plan's poverty reduction strategy was guided basically by the three aspects. *First*, poverty reduction strategy needs to be

rural oriented where focus on rural/agricultural growth. *Second*, focused on actions and intervention, and *finally*, effective implementation of the policies and plan (IMF, 2003). Similarly, the strategy was built on the four pillars. First, broad based economic growth, second, social sector development including development, third, targeted program including social inclusion and finally good governance (IMP, 2003 : 41).

ADB (2002) has mainly focussed on narrowing the income disparities for poverty reduction in Nepal. The first was improving the poor's access to resources, second, removing the institutional barriers for poor from accessing the resources and finally, promoting strong economic growth with equity. Similarly, ADB also focused on following sectors to poverty reduction in Nepal :

- Agriculture and rural development,
- Transport,
- Energy,
- Finance,
- Education,
- Water supply, sanitation and urban development, and
- Environmental management.

A governance system where citizen's ownership is established is the main sustainable attainment of the poverty reduction (UNDP, 2001). Nepal Human Development Report 2001 strongly argued that good governance is the missing component or issue in poverty reduction related work in Nepal till date. However, tenth plan's poverty reduction strategy paper had adopted good governance as the main strategy in poverty reduction. The NHDR 2004 initiated the discourse in Nepal's development policies and practices. The report focussed on policy and practices for poverty reduction (UNDP; 2004). Furthermore NHDR 2009 identified the main reason of the poverty as the conflict and war. Thus, the report focussed mainly on sustainable peace, inclusion and participation (UNDP, 2009 : 1). The Nepal Human Development Report 2014 gave emphasis on human capital. NHDR 2014 gave more emphasis on multi-pronged approach to improving the productive ability (UNDP, 2015).

The Ninth Five Year Plan started the concept of human development in Nepal. The plan defined human development as "building up component, skilled and healthy human resources by

making available the social services, such as proper education, training, health services, sanitation housing, drinking water etc (NPC, 1997). The Tenth Five Year Plan critically evaluated the income based poverty approach and realized that this approach is not adequate to address the multiple deprivation and thus using the concept of human development. There had been change in social, political and economic spheres in Nepal through people's movement and political transformation in 2006 during the implementation of 10<sup>th</sup> plan. After this, Eleventh three years interim plan (2007/08-2009/10) gave more focus on inclusive and just Nepal. It helped create opportunity to move forward in raising the living standard of Nepali people living in poverty, deprivation and backwardness, with strong determination to dismantling old attitudes, obsolete structures and feudal remain (NPC, 2007).

As a government initiation for poverty reduction, the Poverty Alleviation Fund (PAF) was established in 2003. The fund had aimed of main-streaming the excluded and poor communities in development. It had adopted the approach of demand driven program, direct community funding, community cost sharing, community institution building. However, it could not contribute substantially to poverty reduction in Nepal. There had been extensive corruption and financial irregularities. As a result, the then Government of Nepal dismissed the fund in 2018 (Karki, 2021).

The Fifteenth plan has focussed on four main aspects. First is the sustainable and productive use of remittance income, second is entrepreneurship development, the third is inclusive and sustainable economic growth and fourth one is increase in agricultural production and productivity (NPC, 2019). The strategies adopted in various plans have brought few positive changes in poverty alleviation campaign in Nepal. A study by Dreze and Sen (2013) shows that Nepal has been able to reduce the national level poverty faster than India, Bangladesh and Pakistan. However, the country still remain as the poorest of the poor countries. The HDI value was 0.548 in 2014 ranking Nepal 145<sup>th</sup> out of 187 countries (UNDP, 2015). The HDI value increased to 0.602 in 2019 which put the country in the Medium human development category positioning it at 142 out of 189 countries and territories (UNDP, 2020). In this way there has been few positive changes in poverty reduction, however, it is not sufficient.

Poverty is the deep-seated and complex phenomenon in Nepal and it does not have hard and fast solutions. Poverty has the



multi-dimensional character and poor people are most affected by it. The GoN has been trying to formulate and implement the poverty reduction policies for helping the poor to rescue from the poverty trap. However, the policies are formulated without proper work with implementation hardship. Thus majority of poor people are still under the poverty line. Various approaches and strategies adopted in poverty reduction have not been able to include the cultural capital of the rural communities. The identification of cultural capital, and mobilization have remained as a missing component in policy formulation process. The poverty reduction strategy is basically focussed to monetary approach. Thus, there has not been substantial progress in poverty reduction in Nepal on one hand and on the other hand the poverty persists as rural phenomenon in the country.

## **9. Conclusion**

Nepal has been making slow but steady progress in reducing the poverty since long period of time. The poverty has decreased from 42 percent in 1996 to 31 percent until 2004. Similarly, it has decreased to 18.7 percent until 2019. Though the poverty reduction process is sluggish, there has been an improvement in the living standard of people as well. There has been improvement in some of the human development indicators as well. During the time, there has been improvement in the indicators such as life expectancy, infant and maternal mortality rates, adult literacy among others. However, poverty is still pervasive and multifaceted problem in Nepal ranking Nepal among the poorest of the poor countries. The fifteenth five-year plan which is in implementation currently has aimed of achieving zero poverty until 2024 from 18.7 percent in 2019.

There is high provincial disparity in terms of poverty in Nepal. The situation of Province no 1 is good compared to weak status of Karnali, Sudurpaschim and Madhesh Provinces. Similarly, the poverty is high in the rural areas compared to the urban areas. Rural poverty has suffered by stagnation in the agricultural growth. Similarly, the rural areas lack basic social and economic infrastructures. The plans formulated for alleviating the rural poverty have not been able to bring substantial positive changes. The strategies and approaches for poverty reduction in Nepal are mainly focused to the monetary approach. The policy and strategies made in this way have not been able to bring positive changes in the process.

## References

- ADB, *Poverty Reduction in Nepal : Issues Findings and Approaches*, Manila : Asian Development Bank, 2002.
- Alkire, S., Adriana, C. & Roche, J. M., *Multidimensional Poverty Index 2013: Brief Methodological Note and Results*, Oxford, UK : Oxford Poverty & Human Development Initiative, Oxford Department of International Development, Queen Elizabeth House, University of Oxford, February 2013.
- Alkire, S., Roche, J. M., Santos, M. E. & Seth, S., *Multidimensional Poverty Index 2011: Brief Methodological Note*, Oxford, UK: Oxford Poverty & Human Development Initiative, Oxford Department of International Development, Queen Elizabeth House, University of Oxford, 2011.
- Anand, S. & Sen, A., "Concepts of Human Development and Poverty! A Multidimensional Perspective", *Poverty and Human Development : Human Development Papers*, New York, NY : United Nations Development Programme, 1997, 1-20. Retrieved from <https://scholar.harvard.edu/sen/publications/concepts-humandevelopment-and-poverty-multidimensional-perspective>.
- Atkinson, A. B., "On the measurement of inequality", *Journal of Economic Theory*, 2, 1970, 244-263.
- Central Bureau of Statistics [CBS], *Nepal Living Standards Survey 2010/11*, Kathmandu : Central Bureau of Statistics, 2011.
- ....., *National Population Census 2011*, Kathmandu : Central Bureau of Statistics, 2013.
- Chaudhari, M. K., "Economic planning and poverty alleviation strategies in Nepal", *Nepal Journal of Development Studies*, 1(2), 2018.
- Crossman, A., "Understanding Poverty and Its Various Types", *ThoughtCo*, Feb. 10, 2021, [thoughtco.com/poverty-3026458](https://www.thoughtco.com/poverty-3026458).
- Dhonge, S. & Haveman, R., "Multi-dimensional deprivation in the US", *Social Indicators Research*, 133, 2017, 477-500.
- Drèze, J. & Sen, A., *An Uncertain Glory : India and its Contradictions*, Princeton, NJ : Princeton University Press, 2013.
- Foster, J., et. al., "A class of decomposable poverty measures", *Econometrica : Journal of the Econometric Society*, 52, 1984, 761-766.
- Gyanwali, G.P., "Provincial Poverty in Nepal", *Patan Pragya*, 7(1), 2020, 66-77.
- IMF, "Nepal: Poverty Reduction Strategy Paper: IMF Country Report No. 03/305", Washington DC: International Monetary Fund, 2003.
- IRP, How is poverty measured? (2020). Retrieved from <https://www.irp.wisc.edu/resource/howpoverty-is-measured/>, University of Wisconsin, US.
- Jenson, E., Teaching with poverty in mind. (2009). Retrieved From <http://www.ascd.org/publications/books/109074/chapters/Understanding-the-Nature-of-Poverty.aspx>.

- Karki, S. K., "Issues and Challenges of Poverty and International Labor Migration in Nepal", *Journal of Asian Management Studies*, 27, 2021, 21-34.
- Manandhar, T. B., *Educational Development, Population and Literacy : Population Monograph of Nepal*, Kathmandu : Central Bureau of Statistics, 1995.
- National Planning Commission [NPC], *Nineth Five Year Plan 1997-2002*, Kathmandu : National Planning Commission, 1997.
- Nepal Human Development Report, *National Human Development Report 2014 : Beyond Geography unlocking Human Potential*, Kathmandu, Nepal : National Planning Commission, 2014. Retrieved from [http://hdr.undp.org/sites/default/files/nepal\\_nhdr\\_2014-final.pdf](http://hdr.undp.org/sites/default/files/nepal_nhdr_2014-final.pdf)
- Nepal South Asia Centre (NSAC), *Nepal Human Development Report 1998*. Kathmandu: Nepal South Asia Centre (NSAC), 1998.
- Nikku, B. R. & Azman, A., "Politics, policy, and poverty in Nepal", *International Journal of Social Work and Human Services Practice*, Horizon Research Publishing, 2(2), Apr 2014, 1-9. Retrieved from <http://www.hrpub.org/download/20140405/IJRH1-19290002.pdf>
- NPC, *First Periodic Plan in Nepal*, Kathmandu : National Planning Commission, 1956.
- ....., *Fourth Periodic Plan in Nepal*, Kathmandu : National Planning Commission, 1975.
- ....., *Sixth Periodic Plan in Nepal*, Kathmandu : National Planning Commission, 1980.
- ....., *Seventh Periodic Plan in Nepal*, Kathmandu : National Planning Commission, 1985.
- ....., *Eighth Periodic Plan in Nepal*, Kathmandu : National Planning Commission, 1992.
- ....., *Nineth Periodic Plan in Nepal*, Kathmandu : National Planning Commission, 1997.
- ....., *Tenth Periodic Plan in Nepal*, Kathmandu : National Planning Commission, 2002.
- ....., *Three Years Interim Plan in Nepal*, Kathmandu : National Planning Commission, 2007.
- ....., *Three Years Plan in Nepal*, Kathmandu : National Planning Commission, 2010.
- ....., *Three Years Plan in Nepal*, Kathmandu: National Planning Commission, 2013.
- ....., *Three Years Plan in Nepal*, Kathmandu : National Planning Commission, 2016.
- ....., *Nepal : Multidimensional Poverty Index: Analysis Towards Action*, Kathmandu: Government of Nepal, National Planning Commission, 2018.
- ....., *Fifteenth Plan in Nepal*, Kathmandu : National Planning Commission, 2019.

- NPC, *Nepal Multidimensional Poverty Index : Analysis Towards Action*, Kathmandu : Government of Nepal, National Planning Commission, 2021.
- ....., *Three Year Interim Plan 2007/08-2009/10*, Kathmandu : National Planning Commission, 2007.
- Oxford Poverty & Human Development Initiative, *Nepal country briefing-Multidimensional poverty index data bank*, Oxford, UK : Oxford Poverty & Human Development Initiative, University of Oxford, 2013. Retrieved from [www.ophi.org.uk/multidimensional-poverty-index/mpi-country-briefings/](http://www.ophi.org.uk/multidimensional-poverty-index/mpi-country-briefings/)
- Pokhrel, T., "Poverty in Nepal : Characteristics and Challenges", *Journal of Poverty, Investment and Development*, 11, 2015, 44-55.
- Seddon, D., *Nepal : A State of Poverty*, New Delhi : Vikas Publishing House Pvt. Ltd., 1987.
- Sen, A., "Issues in the measurement of poverty", *The Scandinavian Journal of Economics*, 81, 1979, 285-307.
- ....., *Development As Freedom*, New York : Alfred A. Knoph, Inc., 1999.
- Subedi, S. R., After six decades and billions spent poverty alleviation remains a far cry. (2019). <https://myrepublica.nagariknetwork.com/news/after-six-decades-and-billions-spent-poverty-alleviation-remains-a-far-cry/>
- Townsend, P., *Poverty in the United Kingdom*, Harmondsworth, UK : Penguin Books, 1979.
- UNDP, *Nepal Human Development Report 2001*, Kathmandu : UNDP, 2001.
- ....., *Nepal Human Development Report 2004*, Kathmandu : UNDP, 2004.
- ....., *Nepal Human Development Report 2009*, Kathmandu : UNDP, 2009.
- ....., *Human Development Report 2013*, New York: UNDP, 2013.
- ....., Human Development Index. (2020) Retrieved from <https://hdr.undp.org/data-center/specific-country-data#/countries/NPL> Accessed on 21 June 2022.
- United Nations Development Programme, *Human Development Report 2015 : Work for Human Development*, New York, NY: United Nations Development Programme, Oxford University Press, 2015.
- World Bank, Commission on global poverty. (2016). Retrieved From <https://www.worldbank.org/en/programs/commission-on-global-poverty> ★