



**An analysis of changing inter-group economic
inequalities among different caste/ethnic
groups in Nepal**

A Research Paper presented by:

Bimala Kafle Wagle

(Nepal)

in partial fulfillment of the requirements for obtaining the degree of
MASTER OF ARTS IN DEVELOPMENT STUDIES

Major:

Economics of Development

(ECD)

Members of the Examining Committee:

Dr. John Cameron (Supervisor)

Prof. Mansoob Murshed (Second reader)

The Hague, The Netherlands

November 2014

Disclaimer:

This document represents part of the author's study programme while at the Institute of Social Studies. The views stated therein are those of the author and not necessarily those of the Institute.

Inquiries:

Postal address:

Institute of Social Studies
P.O. Box 29776
2502 LT The Hague
The Netherlands

Location:

Kortenaerkade 12
2518 AX The Hague
The Netherlands

Telephone: +31 70 426 0460

Fax: +31 70 426 0799

Acknowledgement

Firstly, I would like to express my sincere thanks to my academic advisors, supervisor Dr. John Cameron and second reader Prof. Mansoob Murshed, for their constant support in every steps of RP process. Their continuous suggestions and guidance encouraged me to complete my research paper successfully on time.

Secondly, I would also express my warm gratitude to International Institute of Social Studies (ISS) and Government of the Netherlands for providing me with the opportunity as well as the fellowship for conducting this course. Besides, I would also thank my office, National Planning Commission Secretariat and Government of Nepal for nominating me for this study.

I am equally grateful to my ECD major convener, Dr. Howard Nicholas for his inspiration and motivation. Besides, I cannot stop myself from thanking all my friends, class mates, hostel mates and everyone else who helped me in my life at ISS, to make this course a success.

I also would like to thank my parents, relatives and friends in Nepal who always wished for my success. Finally, my greatest thank goes to my husband (Kiran Chandra Wagle) and son (Bishista Wagle) for their patience and support while I was away from them.

Contents

<i>Acknowledgement</i>	<i>iii</i>
<i>List of Tables</i>	<i>vi</i>
<i>List of Figures</i>	<i>vi</i>
<i>List of Appendices</i>	<i>vii</i>
<i>List of Acronyms</i>	<i>viii</i>
<i>Abstract</i>	<i>ix</i>
Chapter 1 : Introduction	1
Background	1
Statement of problem	4
Objective of the Study	4
Research Question	5
Significance of the study	5
Limitation	6
Organization of Paper	6
Chapter 2 : Literature Review	7
Theoretical perspectives: economic growth, inequality and group-inequality	7
Measurement of group-inequalities	8
Previous literature on group-inequalities	9
Group-inequalities and development in Nepal	10
Conceptual framework	12
Chapter 3 : Research Methodology	13
Methodology and source of data	13
Selection of sample caste/ethnic groups	14
Rural and urban distribution of sample caste/ethnic groups	15
Chapter 4 : Data Analysis and Presentation	17
Adequacy of total income	17
Pattern of change between different caste/ethnic groups	18
Adequacy of food consumption	21
Education	23
Literacy status of different caste/ethnic groups	23
Land ownership of different castes and ethnic groups	28
Health conditions	30
Health status of different caste/ethnic groups	30

Poverty and Human Development Indices	32
Poverty in different caste and ethnic groups	32
HDI values for different castes and ethnic groups	33
Effects of armed conflict in migration and remittance transfers	34
Chapter 5 : Conclusion	41
<i>References</i>	<i>44</i>
Appendices	48

List of Tables

Table 1: Trend of inequality (Gini coefficients) in Nepal	2
Table 2: Common caste/ethnic groups reported in both the surveys and their population distribution	14
Table 3: Rural and Urban households by Caste/ethnic groups, NLSS I	15
Table 4: Percentage change of all the variables from NLSS I to NLSS III	19
Table 5: Ranks of different caste/ethnic groups in their respective indicators in NLSS I and NLSS III.....	20
Table 6: Educational status by caste/ethnicity	26
Table 7: Health status (chronic illness) of different caste/ethnic groups	31
Table 8: HDI values by major caste and ethnic groups, 2011	33
Table 9: Households reporting absentees in NLSS III.....	35
Table 10: Reasons for leaving the place of origin.....	36
Table 11: Percentage distributions of households receiving remittances	37

List of Figures

Figure 1: Per capita Gross National income of Nepal for the past ten fiscal years	2
Figure 2: Distribution of major caste and ethnic groups, NLSS III	16
Figure 3: Households with adequate income by caste/ethnicity	17
Figure 4: Adequacy of food consumption by caste/ethnic groups	22
Figure 5: Literacy Status of different caste/ethnic groups	24
Figure 6: Change in literacy status by major caste/ethnicity	25
Figure 7: Relation between adequacy of income and literacy(who can read).....	27
Figure 8: Land owning patterns of different caste/ethnic groups.....	28
Figure 9: Pattern of change in land ownership from NLSS I and NLSS III	29
Figure 10: Poverty rates according to caste/ethnicity in Nepal	32
Figure 11: Map showing percentage of remittance receiving households in 2010/11	38
Figure 12: Map showing the conflict intensity in Nepal.....	39

List of Appendices

Appendix 1: Destinations of absentee population in NLSS III	48
Appendix 2: Decomposition of HDI values by caste/ethnicity	51
Appendix 3: Classification of ethnic groups	52

List of Acronyms

CBS	: Central Bureau of Statistics
CDSA	: Central Department of Sociology/Anthropology
GDP	: Gross Domestic Product
GNI	: Gross National Income
GoN	: Government of Nepal
HDI	: Human Development Index
HI	: Horizontal Inequality
LSMS	: Living Standard Measurement Survey
MOF	: Ministry of Finance
NEFIN	: Nepal Federation of Ethnic and Indigenous Groups of Nepal
NER	: Net Enrolment Rate
NHDR	: Nepal Human Development Report
NLSS	: Nepal Living Standard Survey
NPC	: National Planning Commission
PSU	: Primary Sampling Unit
TUTH	: Tribhuvan University Teaching Hospital
UNDP	: United Nations Development Programs
VI	: Vertical inequality

Abstract

The main purpose of this study is to explore the changing pattern of inter-group (caste/ethnicity) economic inequality in Nepal from 1995/96 to 2010/11. The paper used the secondary data collected by the Central Bureau of Statistics of Nepal for the first (1995/96) and the third (2010/11) rounds of Nepal Living Standard Survey (NLSS). By using the adequacy of income as the main variable, the paper compared the data of the two surveys to explore the changes in inequalities between different caste/ethnic groups in fifteen years of time. Besides, the other variables such as adequacy of food consumption, literacy, health conditions, landownership and remittance are also analysed to explore the inequality between the different castes and ethnic groups in two points of time. Unlike most of the previous research approaches which tried to link the concepts of group-inequalities as the cause of conflict, this study attempts to observe the long term changes in the lives of different caste/ethnic groups of Nepal. Therefore, this research mainly focuses on the changing pattern of inequalities between different caste/ethnic groups in Nepal.

The findings of the research show that there have been some little but noteworthy changes in the patterns of inequality among different caste/ethnic groups. Over these fifteen years, some groups improved their perception on adequacy of income, some improved in food consumption, and some increased literacy while some others largely increased the remittances. Therefore, this result points at some scattered changes which were taken into consideration while explaining the changing patterns of the caste/ethnic groups. The increasing tendency of local, internal as well as international migration of the population provided the evidence that in spite of intervening conflict, the economy was surviving due to the remittances provided by the migrant workers. Due to the remittances, the position of different caste/ethnic groups has significantly changed over the years. However, there is still existence of inequality between different caste/ethnic groups even after the fifteen years of time. This continuity in inequalities is caused by regional and geographical variations; rural-urban differences; socio-economic status of different groups and comparative level of development of different regions in Nepal.

Relevance to Development Studies

Inequality in some degrees always exists in every society and country and this may be desirable for the development. But higher level of inequality is considered to have negative effects on growth as well as poverty reduction process. It is obvious in a diverse country like Nepal to have inequalities in different forms. Such inequalities between the groups are considered to have negative impacts in the development of the country. Stewart (2002) suggests that inequalities between the groups lead to significant political disturbances which can have implications to overall development of the country. Thus, the issues of group inequalities seem to be relevant for development and worth studying in the multi-cultural country like Nepal.

Keywords

Inequality, Group-inequalities, Caste/ ethnic groups, Migration, Conflict

Chapter 1 : Introduction

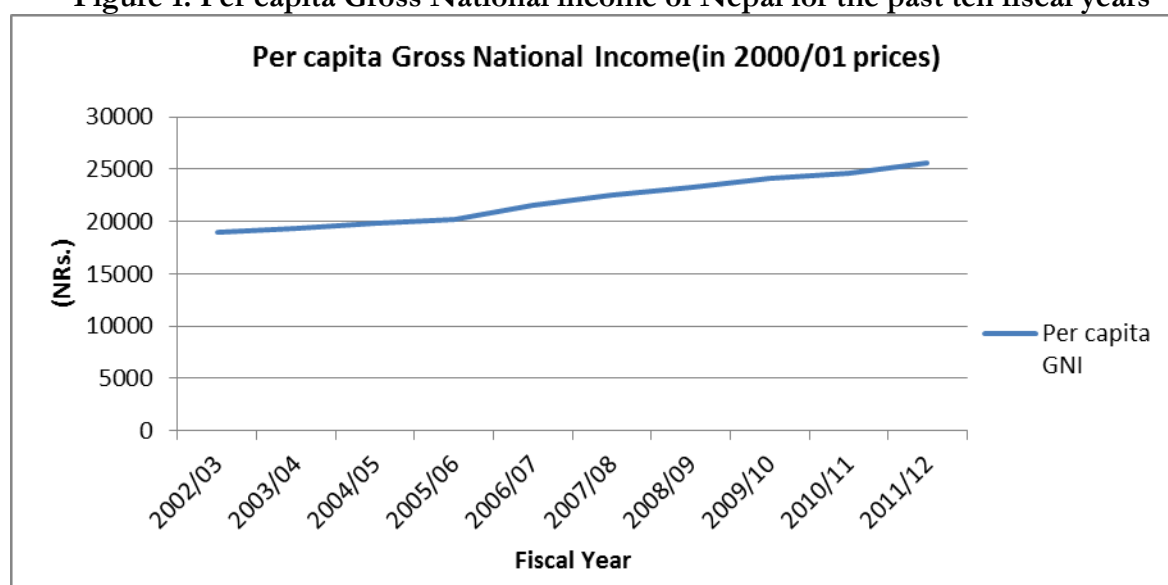
Background

The level of socio-economic development of different countries and individuals varies from one to another. Some countries are more developed than others. Similarly, there is disparity among different individuals/groups in the society depending on their economic, social and political situations. The internal differentiation of any country depends upon several factors such as geographical and natural endowments; history; political and economic institutions; and socio-economic policies of the country. Socio-economic inequalities between individuals are considered to have negative impact on stability and overall development of a country. Although certain level of inequalities exist in every country and society, high economic inequality between the rich and the poor section of the population create various types of disparities which in turn negatively affect the stability as well as poverty reduction process. There is much debate regarding the relationship between growth, poverty and inequality. Economists such as Dollar and Kraay(2002) believe that economic growth and rise in average income reduces poverty everywhere. They further claim that economic inequality is irrelevant to economic growth, however Alesina and Rodrik(1994), considered the economic inequality as negatively related to economic growth.

The inequality between different groups has been considered as a significant phenomenon in multi-ethnic societies. Stewart (2002) has focused on the importance of group inequalities in terms of social, economic and political inequalities that can have significant contribution to the development of a country. She has discussed that in the present situation much attention is given to individuals regarding economic development and less emphasis is given to group inequalities. She has considered group inequality as a 'neglected dimension' of development. According to Stewart, inequalities between different groups lead to significant political disturbances which can have implications for overall development of a country. A significant literature argues that horizontal (intra-group) inequalities contribute to violent conflicts. Taking the case of Nepal, Murshed and Gates (2005) have mentioned 'ethnic and caste based (horizontal) inequalities' as one of the major causes of the decade long Maoist conflict in the country. The countries with high level of between-group inequalities also face problems in reducing poverty (Stewart et al. 2005). The group inequalities may contribute to conflicts and thus lead to underdevelopment. This research, thus, aims at exploring the different patterns of inter-group inequalities of different caste/ethnic groups in Nepal and its consequences reflected in different aspects of economic development.

Nepal is one of the low income countries in the world and has large fraction of population still suffering in poverty and deprivation. Nepal went through a decade long armed conflict from 1996 to 2006 and is still struggling to establish sustainable peace and over the effects of the conflict. The overview of per capita gross national income of Nepal (illustrated in Figure 1) over the last decade shows a slight acceleration in the post conflict period. The plans and policies formulated by the government, although have made remarkable contribution in social and economic development of the country, the problems such as poverty, economic disparity and social exclusion still need to be addressed (NPC 2013:1).

Figure 1: Per capita Gross National income of Nepal for the past ten fiscal years



Source: Economic survey, MOF (2013)

While discussing the income distribution pattern of Nepal during the late 2000s, Sharma (2009:208) strongly pointed out at the trend of increasing income inequalities due to the market oriented economic growth. He compared the Gini coefficient estimated by different household surveys from 1884/85 to 2003/04 to show the increasing pattern of inequality. However, the recent data (see Table 1) shows that the overall inequality is gradually declining in the recent years especially in the post- conflict period. Moreover, it is observed to decline faster in urban areas than that of the rural areas. This provides an indication that there is improvement in the distribution of income among the individuals in Nepal in the recent years.

Table 1: Trend of inequality (Gini coefficients) in Nepal

	NLSS 1995/96	NLSS 2003/04	NLSS 2010/11
Nepal	0.32	0.41	0.33
Rural	0.31	0.35	0.31
Urban	0.43	0.44	0.35

Source: CBS (2004), CBS (2011)

In spite of some improvement in overall income distributions and thus declining the individual inequality, there are still group-inequalities existing in the Nepalese society. According to Central Bureau of Statistics (CBS hereafter), there are 125 caste/ethnic groups reported by the recent population census. *Chhetri* is the largest caste/ethnic groups with 16.6% of the total population followed by *Brahman-Hill*: 12.2%, *Magar*: 7.1%, *Tharu*: 6.6%, *Tamang*: 5.8% *Newar*: 5.0%, *Kami*: 4.8%, *Musalman*: 4.4%, *Yadav*: 4.0% and *Rai*: 2.3 % (CBS 2011:4). There is still high economic inequality among different caste and ethnic groups in Nepal which has not been decreasing over time (Tiwari 2008:38). The horizontal (inter-group) inequality in different forms, thus, still exists in the country. Nepal, being a diverse country with socio-cultural, geographical as well as ethnic variation across the country, displays a wide diversity in its population. Similarly, the different groups exhibit different level of development, participation and inclusion in different

aspects of the society. So, this research will explore the changing patterns of the socio-economic inequalities among different caste/ethnic groups in Nepal.

The ethnic diversity in Nepal is complex with multidimensional aspects such as caste, region, language and religion which may require multi-disciplinary approach and research to capture all those dimensions and differences. However, this study is only based on the traditional understanding of ethnicity in Nepal. Hangen(2007:5) has reiterated that practically there is no clear difference between the caste and ethnicity in Nepal. Thus, this study is based on the conventional understanding of ethnicity and tried to explore the differences between major ethnic groups as reported by NLSS I and NLSS III.

The Nepal Human Development Report 2009 mentioned that caste-based discrimination became illegal in 1963. Further, Caste based Discrimination and Untouchability (Offence and Punishment) Act (2011) has made timely provisions to protect the rights of each person to live with equality, freedom and human dignity by creating an environment where no untouchability and discrimination prevails on the ground of caste, race, descent, community or occupation in the name of custom, tradition, religion or any other name. The Act also make punishable to the acts of untouchability, exclusion, restriction, expulsion, contempt or any other discriminatory act that is against humanity. However there are several challenges to implement such Acts and provisions, thus continuing to exist in the some forms of discrimination during interactions between social groups. It therefore spills over, too, into the ways in which the descendants of the so-called low-caste groups experience barriers to participation in Nepal's political system and thus access to government opportunities, resources, and services(UNDP 2009:19). In this context, the report of Nepal Human Development Report 2009 has mentioned that:

Although human development has improved at the aggregate level, the gap between caste/ethnic groups and disadvantaged ones is either widening or remains constant. Thus, the Dalits, Muslims and Janajatis who have had lower levels of human development continue to suffer today (UNDP 2009:2).

Previous researchers such as Tiwari (2008); Murshed and Gates (2005) have identified the caste and ethnicity based inequalities as one of the causes of decade long Maoist conflict in Nepal. All these literatures have pointed out that there is a significant inter-group (horizontal) inequality among different ethnic groups in Nepal and such inequalities also led to violent conflict in the country. The inter-group inequalities existing in Nepalese society are, therefore, obstacles to economic growth and poverty reduction process of the country.

The interim Constitution of Nepal (2007:8) has made the provision under the rights against untouchability and racial discrimination that “no person shall be discriminated against as untouchable and subjected to racial discrimination in any form, on grounds of caste, race, community and occupation. Such discriminatory treatment shall be punishable, and the victim shall be entitled to such compensation as determined by law”. The constitution further guaranteed that no one shall be deprived from any facilities, services and opportunities on grounds of the caste, race, community and occupation. However, in spite of these constitutional provisions, Nepalese society still seems to exhibit some forms of social exclusion and discrimination based

on caste, class, race and ethnicity. The issues of social inclusion are of great concern among the development activists, authorities as well as policy makers. Nepal Human Development Report (NHDR) 2009 has stated that inclusive development has always been the crux of the transformation agenda in the development process of Nepal. The Nepali peace agreements, and other major documents including the Comprehensive Peace Accord (CPA) and the Interim Constitution focus on the promotion of inclusion and more equitable development (UNDP 2009:27).

Statement of problem:

The socio-economic inequalities existing in any society can have several impacts including significant contribution to perpetuating poverty, creating barrier for economic development and intensifying conflicts in society. Nepal, being a socio-culturally diverse country, faces inequalities in terms of economic, socio-cultural as well as political aspects of different caste/ethnic groups. These inequalities, in turn, have been reflected in the patterns of poverty, economic underdevelopment and socio-political conflicts. Moreover, literatures have also indicated that ethnic and caste based inequalities contributed to the decade-long armed conflict experienced by Nepal from 1996 to 2006 (see also Bohara-Mishra 2011, Murshed and Gates 2005). So, the inequalities based on caste/ethnic groups have not only destroyed the social unity and harmony among the population but also derailed the nation towards political and economic transition. Even after the formal end of conflict, the ethnic issues still exist in the names of ethnic/indigenous movements, ethnic federalism, recognition of indigenous groups and social inclusion in Nepal.

These issues therefore need to be well understood by the policy makers, political party's leaders as well as the leaders of the ethnic movements in order to drive country in a progressive way. Although these ethnic and caste based issues are important from every dimensions of development, there are limited researches/studies in this regards. So, in order to understand the concepts of inter-group inequalities and their consequence in dimensions of political instability and economic development in the context of Nepal, its issues, challenges as well as underlying reasons may be very important. Policy makers; peace negotiators; development and right activists seem to be less aware about these inequalities, which may be a significant cause of conflicts in multi-ethnic societies and consequently underdevelopment of the country.

Thus, this study will inform the policy makers and relevant stakeholders including the members of ethnic groups about the changing pattern of the disparity between different groups and its significance in development. This will further urge them to find a sustainable solution to address the existing problem caused by inter-group inequalities in the society.

Objective of the Study:

The main objective of the study is to explore the changing pattern of inter-group inequalities existing among the different caste/ethnic groups in Nepal in between NLSS I (1995/96) and NLSS III (2010/11). Further, the thesis aims at

- Identifying the changes in the patterns of inequality (in terms of income, consumption, poverty and human development) between the different groups.

- Analyzing the possible causes for the observed changes and attempt to identify possible alternative ways to reduce such inequalities in the country.

Research Question:

The main research question is:

- How far the ethnic groups show different patterns of inter-group socio-economic inequalities in Nepal in between the two surveys?

After having an idea of pattern of the socio-economic inequalities between different ethnic groups, the research focused on the following sub-questions:

- Why do these different patterns of inter-group inequalities exist?
- Is migration and remittances related with the observed changes in the caste/ethnic groups?
- What can be possible ways to solve these problems of socio-economic inequalities?

Significance of the study:

As there are multiple and overlapping categories of identities such as caste, ethnicity, region, language and religion, the ethnic diversity in Nepal is highly complex (Hangen 2007:3). Similarly, the differences and inequalities based on caste/ethnicity are also very complicated and are related to the development in Nepal. However, there are not sufficient and significant studies/ research on inequalities among the caste/ethnic groups in Nepal in the recent years and especially in the post conflict period. There are some literatures focusing the changing patterns of rural households based on the different aspects of livelihood but they lack the inequality aspects. Most of the literatures have stressed on overall individual inequality rather than highlighting the group inequalities. Similarly, a significant gap in the data, based on caste/ethnic dimensions, has also been observed in Nepal. Ethnic-wise disaggregated data has not been collected before 1991, as mentioned by (Tiwari 2008:38) that:

Horizontal inequality has not been well researched in Nepal because data classified by caste and ethnicity was not collected in the population census until 1991. Therefore, there is still a lack of adequate data on different dimensions of welfare organized in terms of these rubrics.

Lack of proper and disaggregated data as well as limited researches/studies as discussed above, have created a significant policy-gap on caste/ethnic issues in Nepal. Government of Nepal, although has been formulating several policies and strategies on caste/ethnic issues, does not seem to fully address the caste/ethnicity related problems in Nepal. The recently adopted policies have considered the ethnic issues as a single (blanket) issue and they lack observations of diversity and multidimensionality within/ among different ethnic groups in Nepal. Thus, this study contributes to knowledge on inter-group inequalities between different caste/ethnic groups in Nepal. The paper aims at exploring the changes in patterns of inequality and critically analyzing the various underlying causes for the change in the context of different caste/ethnic groups in Nepal.

Limitation:

The study faced some limitations and challenges in different stages of the research. Firstly, Nepal Living Standard Surveys conducted in two different points of time reported different number of caste/ethnic groups thus limiting the selection of sample ethnic groups into only fourteen common groups. This in itself limits the scope of the research as all the caste/ethnic groups are not included in the sample. Further, the paper uses the adequacy of total income perceived by the households to calculate the inequalities between the different caste/ethnic groups which may lack objectivity in the data and results. Besides, most of the previous literatures on group inequalities are mainly focused on political dimensions rather than economic aspects. So, the lack of relevant literature was also an important limitation for the researcher. Besides these, there was the limitation of time and resources to fully explore all related dimension of inter-group inequality in Nepal.

Organization of Paper:

The research paper consists of five chapters. The first chapter includes the introduction with general background, statement of problem, objectives, research questions and limitations of the study. The second chapter presents literature review which consists of theoretical review, some of the previous literature relevant to the topic as well as the methodological framework of the study. The third chapter includes the research methodology consisting of definition of population; source of data; tools, techniques and process of analysis. The fourth chapter of the paper presents the data/ information including the analysis of the pattern and causes of inequalities between different caste/ethnic groups of Nepal. Finally, the fifth chapter includes the conclusion which incorporates the findings of the study and the recommendation for addressing the inequalities between different ethnic groups in Nepal.

Chapter 2 : Literature Review

This part of paper includes the major theoretical background as well as the previous literatures related to the inter-group inequalities existing in the society. It includes the perspectives which explain the concepts of economic growth and inequality; inter-group (horizontal) inequalities; their causes and consequences as well as their implication to development.

Theoretical perspectives: economic growth, inequality and group-inequality:

There is a common belief that economic growth reduces poverty as growth always trickles down to the poor from the rich. (Aghion and Bolton 1997) support this idea by mentioning that the concept of trickle down approach is widely accepted and the accumulation of wealth by rich people is beneficial to the poor ones as some of the accumulated wealth goes down to the poor. But some others also believe that economic growth rather than reducing poverty possibly could worsen the distribution of income, thus, increases the inequality and further deteriorates the situation of the poor. In this paper we are concerned about the group-inequalities in the socio-culturally diverse societies.

Additionally, there is another school of thought, human development school, which believes that growth does not automatically trickle down and also does not necessarily improve every aspects of human life. This means that the increase in income alone might not be sufficient to bring overall human development. The followers of human development school concentrate in the policies which contribute in improvement of human life by appropriately utilizing increase in income achieved by the country (UNDP 2009:17).

Literatures points out that inequality between different groups can have implications to political disturbances thus leading to the violent conflicts in the society. Ostby (2008) has discussed about the economic polarization of the society as the cause of conflict in the society and motivation to mobilize groups. She further mentions that polarization divides the society into groups with intra-group cohesion and identity which makes groups mobilize against each other. Unlike the multidimensional nature of horizontal inequality, the conflict potential of polarization is measured by single dimensions such as ethnicity. Polarization is sometimes also referred to as a component of horizontal inequality by Stewart et al. (2005).

Additionally, Gurr's theory of relative deprivation believes that perceived deprivation is directly related with the collective actions. This theory argues that the intensity and scope of relative deprivation strongly determines the potential for collective violence. This hypothesis believes that comparative dissatisfaction and frustrations lead to the situation when the relatively deprived groups turn towards rebellion acts. According to this concept, frustration is the primary source of human violence. Distinct to the theory of relative deprivation, Tilly's mobilization model argues that the resource deprived groups are stimulated into collective actions only when they feel threats to their survival and livelihood. In relation to this, Kuhn and Weidmann, refer-

ring Tilly (1978:84); and Esteban and Ray (2011), pointed out two opposite views highlighted by the existing literatures on group inequality and conflict. The first view, put forward by Tilly, suggests that increasing inequality within the ethnic groups undermines the group-cohesiveness which reduces collective actions and weakens the tendency to mobilization. This view therefore advocates for less likelihood of conflicts with increasing within-group inequality. In contrast, the other view, by Esteban and Ray, believes that the discriminatory government policies and social intolerance are the causes for several kinds of ethnic movements as well as violence (Kuhn and Weidmann 2013:5).

Murshed and Gates (2005) have highlighted the grievances, based on a sense of injustice and discrimination of a social group, as the major catalyst for explaining the conflict in Nepal. They have pointed out some of the causes of between-group inequalities as historical, product of discrimination and political failure. They have further mentioned some of the aspects of such inter-group inequality such as- asset inequality; unequal access to public employment and public services; and economic mismanagement. Nepal being a multi-ethnic and socially stratified society has a strong historical dimension which supports the grievances as the causes of inter-group conflict and civil war.

Stewart and Langer (2013) have defined HI hypothesis and compared it with the national relative deprivation hypothesis. According to this hypothesis, the inequality between culturally perceived groups makes conflict more likely. This hypothesis focusses on group inequalities and grievances rather than individual relative deprivation as in Gurr's hypothesis. But HI hypothesis assumes that both greed and grievances can cause conflict between different groups in the society and ultimately impedes the development process.

Horizontal (inter-group) differences tend to be high in a multi-ethnic society. The countries with high horizontal inequalities are less developed than relatively homogenous societies. Therefore, from these theories it can be drawn that the group inequalities give rise to political disturbance and violent conflict that are hurdles, impeding development in the multi-ethnic countries like Nepal. Thus, the HIs should be addressed for achieving more equitable societies and more favorable climate for socio-economic development of the country. In line with this, Ostby(2007:1) states that peace and development in developing countries can be achieved through politically and economically inclusive government.

Measurement of group-inequalities:

Literatures have advocated different methods for measuring and understanding the income inequality in the society. Although there are a number of methods for understanding the distribution of income such as Atkinson index and generalized entropy index, the Gini coefficient has become the most popular among the researchers (De Maio 2007). Similarly, (Stewart et al. 2005) also claim that the inequalities between the groups tend to be ignored while using the measures like Lorenz curves and Gini coefficients. They have thus provided some alternative measures for measuring group inequalities.

Cederman et al.(2011:486) also highlighted group-level measure for computing economic inequality between the different groups by comparing the GDP per capita income of ethnic groups to that of the country. According to them, the ethnic groups which are far from the country average have higher risk of experiencing conflict than those which are closer. If G =GDP per capita income of country and g = GDP per capita income of ethnic groups, the economic inequality between the groups is measured asymmetrically with the two variables, *Low_ratio*= G/g , if $g < G$ and *High_ratio*= g/G , if $G < g$, respectively for poorer and wealthier groups than the national average income. They further argue that this measure guarantees that the differences from the national average are always a positive number. The above discussions illustrate that different researchers use different approaches for measuring and analyzing the economic inequalities between different groups. However, appropriate measure for inequality is determined by main purpose and objective of the research (Stewart et.al 2005). Thus, it is clear that the measurement of inequality is not universal and can be changed according to the purpose and scope of the research.

This paper measures the income inequality among different caste/ethnic groups by comparing the self-reported adequacy of income by the respondents in household survey. The situation of inequalities is reflected through the differences in the well-being indicators such as income, consumption, education and health. As argued by the capabilities approach poverty is not only the lack of income but lack of individual's ability to utilize the resources. So, poverty and inequality may depend on the circumstances, situation of the individual rather than their income and this can be reflected only by understanding their own perceptions.

Another important literature by Pradhan and Ravallion(1998) has also argued about the advantages of perception of adequacy of income and consumption for subjective poverty analysis in developing countries. They highlighted the concept of basic needs including the nutritional requirements have some specific understanding in the society. Further, income is not well-defined in developing countries; they consider the qualitative idea of adequacy a better method to estimate the subjective poverty line.

Previous literature on group-inequalities:

Socio-economic differences between different ethnic groups can lead to violent social conflicts in society. Cederman et al. (2011) have highlighted political and economic dimensions of horizontal inequalities. Referring to Woodward (1995), they mentioned that “ethnic conflicts are driven by underlying economic inequalities that lead ethnic identities to become politicized” (Cederman et al. 2011:481).

According to Stewart et al. (2005:3), most of the discussions on inequalities are focused on the vertical inequalities which are the inequalities between individuals. They further emphasized that the measurement of vertical inequalities is limited mostly to economic variables however the horizontal inequalities include the social and political aspects of inequalities along with the economic variables. Highlighting the group aspects of conflict Ostby(2007:2) mentions that:

Civil wars are organized group conflicts, not a matter of individuals randomly committing violence against each other. Hence, we should not neglect the group aspect of human well-being and conflict. Systematic inequalities that coincide with ethnic, religious or geographical cleavages in a country are often referred to as horizontal inequalities (or inter-group inequalities).

Referring to Murshed and Gates (2005) and Gurung(2005), Stewart et al. (2007:17) claim that all the forms of group inequalities cannot be addressed only by decreasing regional inequalities. Vertical inequalities are different from the horizontal inequalities, as former indicates the inequalities between the individuals or households whereas later involves the inequalities between different groups Langer and Stewart (2013:3). Further, the vertical inequalities are more discussed in literatures while the horizontal inequalities are mostly neglected. Similarly, Jayaraj and Subramanian also refer that: “Large part of literature in measurement of economic inequality has dealt with vertical or inter-personal inequality and inter-group -or the horizontal- inequality has received less attention by comparison” (Jayaraj and Subramanian 2006:123). They have also discussed the importance of inter-group measures in real economic analysis of the society.

Stewart et al. (2005) have noted that HI is a component of VI and therefore higher levels of HIs probably contribute in increasing the overall VIs of the society. Thus, they claim that it is not possible to address VI and to achieve poverty reduction without correcting HIs which is relatively higher in ethnically diverse societies. Therefore, the HIs should not be neglected in the process of development. They have also highlighted the relationship between HIs and VIs and have investigated the extent of correlation between these inequalities in Indonesia. They have explored the correlation between horizontal and vertical inequality in Indonesia by using census survey data. They have concluded that there is high correlation between vertical and horizontal inequality measure but the correlation between them is less clear (Stewart et al. 2005:5).

Further, Langer and Stewart (2013:4) have discussed about the measurement of inequality. They claim that there are many well-known ways of measuring vertical inequality but horizontal inequalities are not much studied. According to them, the reasons for this are problems in determining relevant groups and lack of consistent and systematic data. Similarly, Alesina et al. (2012) have mentioned that cross-ethnicity inequality index is weakly correlated with the overall country level income inequality and to isolate the ethnic component of inequality from overall inequality, they have used fine level of luminosity data and constructed proxies for spatial inequalities. From this they have concluded that ethnic inequality is negatively related with economic development of the country.

Group-inequalities and development in Nepal:

Nepal is a multi-ethnic, multicultural and geographically diverse country. The country being diverse in different aspects has disparity in several forms and dimensions; and these inequalities are significantly associated with the overall development of the country. According to UNDP (2009), there is significant regional (geographical) as well as ethnicity-wise socio-economic inequality in Nepal. The report further pointed out that there is a wide variation in human development index based on caste and ethnicity which is much greater than the region-wide variation (UNDP 2009).

Similarly, Lawoti (2008) argued that groups in Nepal are 'horizontally separate and different'. He agreed with the idea that the horizontal (inter-group) inequality alone is not sufficient to explain the huge inequality faced by the most excluded socio-cultural groups. Therefore, he has focused that horizontal inequalities along with vertical inequalities should be integrated for the purpose of capturing the real situation of the most excluded groups in the society (Lawoti 2008:11). Another significant publication on inter-group inequality in Nepal is by Murshed and Gates (2005). They have identified the regional inter-group inequalities (HIIs) and landlessness as a central motivating and sustaining factor in conflict in Nepal. They have concluded that ethnic and caste dimensions as well as spatial aspects of horizontal inequalities are found to be explaining the decade-long Maoist insurgency in Nepal.

Although the national average poverty headcount is declining significantly over the years, this decline is not uniform throughout all the regions and sections of population (Nepal and Bohara 2009). Using the data of Nepal Living Standard Survey 1995/96 (NLSS-I), 2003/04 (NLSS-II) and Nepal Population Census 2001, they have estimated poverty and inequality within different caste/ethnic groups in Nepal. While comparing indicators such as per-capita household expenditure, poverty head count ratio and poverty gap, they have reached to a conclusion that the poverty rate is lower than the national average in the high caste ethnic groups like *Bahun-chhetri* and *Newar* while it is far higher in the lower caste ethnic groups like *Damai*, *Kami Sarki* and *Muslim*. Their findings, thus, indicate that there is still there is existence of high economic horizontal inequality between upper and lower caste/ethnic groups in Nepal.

Nepal faced a decade long armed conflict from 1996 to 2006, when the conflict is apparently assumed to end after the signing of Comprehensive Peace Accord (CPA) in November 2006. While going through the literatures it is believed that the long history of exploitation, discrimination and inequality based on caste and ethnicity is one of the major causes of the Maoist conflict in Nepal. However, some other literature like Murshed and Gates (2005) also added the spatial/geographical factors in addition to the caste/ethnic issues to the origin of the armed conflict. Thus, the group inequalities in a society can lead to several consequences which are believed to have negative effects in the development of the country.

These literatures related to the group inequalities provide a foundation for understanding the concept of inter- group inequalities and their implication for social, economic and political aspects of the society and ultimately the development of the country. Most of the literatures discussed above tried to highlight the implications of group inequalities in terms of causing conflicts in the society and thus affecting the overall development process. However this paper does not focus in groups inequalities as the causes of conflict even though the selected time coincides with the Maoist conflict in Nepal (1996-2006). But, the paper may reflect some of the effects of conflicts while analysing the changing pattern among different caste/ethnic groups over the time.

Conceptual framework:

From the above discussion, it is clear that most of the literatures relate the group-inequalities as one the major causes of the violent conflicts faced by the countries. However, this paper does not aim at going deep into the causes of conflict in Nepal; rather the main focus of the paper is exploring the long term changes in the patterns of inequalities in different groups. The paper is not trying to prove group inequalities as a driving force for the conflict, neither explaining the impacts of conflict. In spite of overlapping of the selected time period with the Maoist conflict in Nepal, the paper does not aim at explaining the impacts of conflicts in Nepal.

This paper simply aims at exploring the changing pattern of economic inequality between different caste and ethnic groups in Nepal. The paper follows the comparative approach used by Cameron et al.(1998) and Blaikie et al.(2002), while studying the changing patterns of rural households of western Nepal over twenty years of time (from mid-1970s to mid-1990s). In their paper, they compared the data collected in the two rural household surveys conducted in 1974-75 and then 1996-97 to see the changes in livelihood pattern of the rural households. They compared the lives of the rural households of western Nepal in 1970s and 1980s to see the changing pattern and they pointed out some of the little changes that took place, although there were no striking changes. They concluded that the rural households have transformed due to the rise in individual migration. So, this paper attempts to explore more on their result whether the individual migration and the remittances sent by them to their family are still the causative factors for bringing the change even in the next fifteen years of time in the context of different caste/ethnic groups.

This paper contributes as extension of their work remaining within the same methodological approach followed for their work by expanding the scope to explore and analyse the group inequalities between different caste/ethnic groups in Nepal. Using the data collected by two nationally representative household surveys in 1995/96 and 2010/11, this paper attempts to compare the data for analysing the changes and continuity of the situation of Nepalese households but with a new dimension “ethnic dimensions” added. The paper mainly focuses on the long term socio-economic changes taking place in different caste/ethnic groups. Moreover, the paper is more focussed to observe the long term effects in the lives of the different caste/ethnic groups in this period of time.

Chapter 3 : Research Methodology

Before going into the data analysis part of the research, it is important to be familiar with the methodology used in the research. This chapter deals with the research methodology including the source of data, procedures adopted in the surveys, data collection methods and selection of sample caste/ethnic groups. It further illustrates the distribution of sample ethnic groups according to rural and urban areas and percentage distribution of the selected castes and ethnic groups.

Methodology and source of data:

This research compared the two sets of nationally represented data of Nepal Living Standard Survey 1995/96 (NLSS I) and Nepal Living Standard Survey 2010/11 (NLSS III). After the restoration of democracy in 1990, the ethnic issues were very strongly brought into discussion through ethnic and indigenous movements. This also justifies the selected fifteen years of time period is significant enough to compare the changes taking place between the different groups. Thus, the main idea of comparing the data in two points of time frames was to explore the changes in the pattern of inequality between the major castes/ethnic groups in Nepal in that time period.

The study is primarily based on the quantitative method of data analysis. Mainly using the secondary data collected by CBS for Nepal Living Standard Surveys (NLSS I and III), the research analysed the changes in socio-economic disparity between the major ethnic groups of Nepal in the selected period of time. Further, other sources of data include publications of CBS, Ministry of Finance, World Bank and UNDP. Some information and data from the periodic plans of Nepal have also been used to analyse the caste/ethnic situation of Nepal.

The Nepal Living Standard Surveys followed the Living Standard Measurement Survey (LSMS) methodology developed and promoted by the researchers at the World Bank (CBS 2011:6). For the NLSS I, the sample frame was designed on the basis of frame prepared for population census 1991 while that of NLSS III was based on the frame prepared for Nepal Labour Force Survey 2008. The Primary Sampling Unit (PSU) was the smallest administrative unit of the surveys. The NLSS I enumerated 3373 households from 274 PSUs while the third round enumerated 5988 households from cross section sample. Both the surveys used a two-stage stratified sampling method for the selection of sample households. The surveys were conducted by Central Bureau of Statistics with technical support of World Bank. The surveys used multi-topic household questionnaire for comprehensive data collection and divided the data collection period into different phases in order to capture seasonal variations in the data. Further, the surveys used innovative data management techniques including field based data entry and employed well-trained, well-equipped and well-organised field team for improving accuracy of the data collected (CBS 2011).

The changing pattern of inequality between different caste/ethnic groups is explored subjectively by comparing the self-reported 'adequacy of total income' by the households in the

two surveys. After identifying the changes in perceived adequacy of total income, the reflection of inequality in other aspects such as food consumption, incidence of chronic illness, education, land ownership and remittance transfers is observed in the selected caste/ethnic groups of Nepal. Further, the situation is analysed for finding out the reasons for the observed differences between different caste/ethnic groups.

Further, key informant interviews were conducted with some experts and other relevant stakeholders in order to analyse the situation of caste/ethnic-wise inequality in Nepal. This knowledge, about different patterns of inequality between different ethnic groups, is further used to analyse the social, economic and political situation of those caste/ethnic groups in Nepal. The results of the analysis have been presented by the explanatory methods through the use of charts, graphs and tables.

Selection of sample caste/ethnic groups:

The research paper has included the common fourteen ethnic groups (listed in table 2) which are reported by both the NLSS I (1995/96) and NLSS III (2010/11). These castes/ethnic groups were purposively selected because of their common reporting in the two surveys and significant representation in total population of the country. They represent almost more than three-fourths of Nepal's total population and therefore are demographically very significant. The percentage distribution of samples households of the fourteen castes/ethnic groups as reported in the NLSSs as well as that of the recent Population Census 2011 is tabulated below.

Table 2: Common caste/ethnic groups reported in both the surveys and their population distribution

Caste/Ethnicity	% of sample households in		Population census 2011 (%of total population)
	NLSS I	NLSS III	
Chhetri	19.84	16.85	16.6
Brahmin	16.04	15.78	12.71
Magar	5.06	6.61	7.1
Tharu	5.75	4.33	6.6
Newar	9.37	9.5	5.8
Tamang	4.34	5.68	5
Kami	4.84	4.07	4.8
Yadav	3.21	2.51	4.4
Muslim	3.87	3.19	4
Rai	1.7	3.51	2.34
Gurung	3.84	2.35	1.97
Damai	1.73	2.19	1.78
Limbu	1.95	1.32	1.46
Sarki	1.54	2.12	1.41
Total	83.08	80.01	75.98

Source: Author's computation based on NLSS I and NLSS III, Nepal Population Report 2011

From all the facts and figures, it is observed that the selected castes and ethnic groups represent the major fraction of the population of the country. The sample distribution of the two NLSSs as well as that of the population census reveals that the selected caste/ ethnic groups constitute more than 75 % of the total population. The table shows that *Chhetris* have the largest population while the *Sarkis* have the lowest population in Nepal. Further, the selected castes and ethnic groups include all the categories of the castes groups including *Brahmins* and *Chhetris* (the so called higher caste groups); Dalit castes such as *Damai*, *Kami* and *Sarki*; advanced ethnic groups; disadvantaged groups as well as marginalised ethnic groups. The classification of different ethnic groups by NEFIN and the different scheduled *Dalit* castes are included in Appendix-2.

The first round of the living standard survey conducted in 1995/96 reported only 15 caste/ethnic groups while the number of caste/ethnic groups increased in the following rounds of living standard surveys. This increased recognition in number of caste and ethnic groups took place due to the increased ethnic awareness among the people of Nepal. While coming to the third round of living standard survey in 2010/11, the number of caste/ethnic groups increased to more than eighty. It was, therefore, practically impossible to select all the caste/ethnic groups for this research. Thus, the research has selected the major caste/ethnic groups according to their population size consisting of advanced ethnic groups to the disadvantaged and marginalised groups as well as the traditionally excluded caste groups.

Rural and urban distribution of sample caste/ethnic groups:

The rural areas of Nepal are mostly backward in all the aspects of socio-economic development as well as provision of services and facilities in comparison to the urban areas. This factor of rural/urban origin is important determinant of the socio-economic development, it is important to identify rural and urban location of the selected castes and ethnic groups. The level of development of the caste/ethnic groups in rural areas is different from that of the urban areas. Thus, in order to assess the ethnic inequality existing in Nepalese society, it is very important to identify the rural or urban origin of the households.

Table 3: Rural and Urban households by Caste/ethnic groups, NLSS I

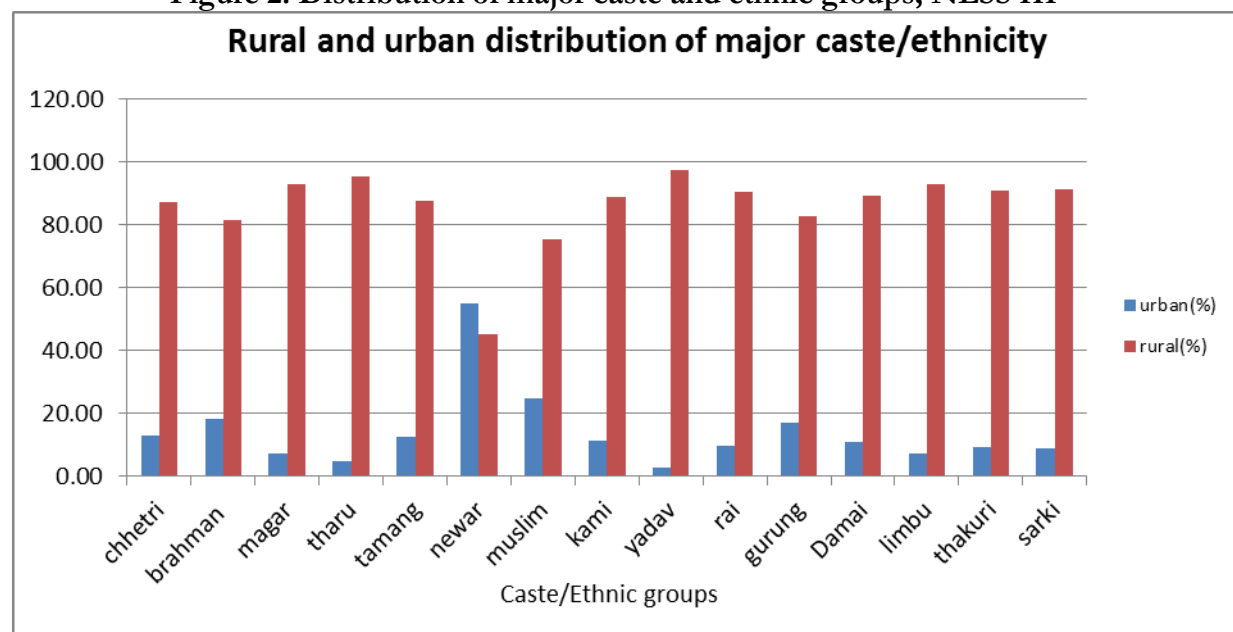
Caste/ethnic groups	Urban population	Rural population
Chhetri	7.10	92.90
Brahmin	11.03	88.97
Magar	4.35	95.65
Tharu	1.09	98.91
Newar	56.67	43.33
Tamang	5.71	94.29
Kami	7.14	92.86
Yadav	6.86	93.14
Muslim	19.35	80.65
Rai	0.00	100.00

Gurung	3.17	96.83
Damai	8.93	91.07
Limbu	1.61	98.39
Sarki	12.00	88.00
Others	7.73	92.08
Total	13.22	86.75

Source: Author's computation based on NLSS I

The distribution of population in rural and urban areas itself shows a kind of inequality which is existing in Nepal. There is no equal distribution of households by their castes and ethnic groups. Some castes/ethnic groups are more concentrated in the urban areas which have better access to services and facilities while some are concentrated in the rural areas which are disadvantaged in many ways. For example, the table shows the *Newars* are mostly distributed in the urban areas as more than 50 percent of them have urban origin. Similarly, *Muslims* and *Brahmins* also have their large section of population in the urban areas. In contrast, almost all the *Rais* are rural originated. In addition to this, *Magar*, *Limbu*, *Tharu*, *Tamang*, *Damai* and *Kami* have majority of their population in the rural areas. Similar pattern of distribution of caste/ethnic groups is seen in the NLSS III as well which is shown by the following chart.

Figure 2: Distribution of major caste and ethnic groups, NLSS III



Source: Author's computation based on NLSS III

The data as described in this chapter is critically analysed and the results are presented by using the tables, charts and figures in the following chapter. The changes in inter-group inequality among the different castes and ethnic groups are explored and the underlying reasons for these changes are discussed on the basis of the data analysis.

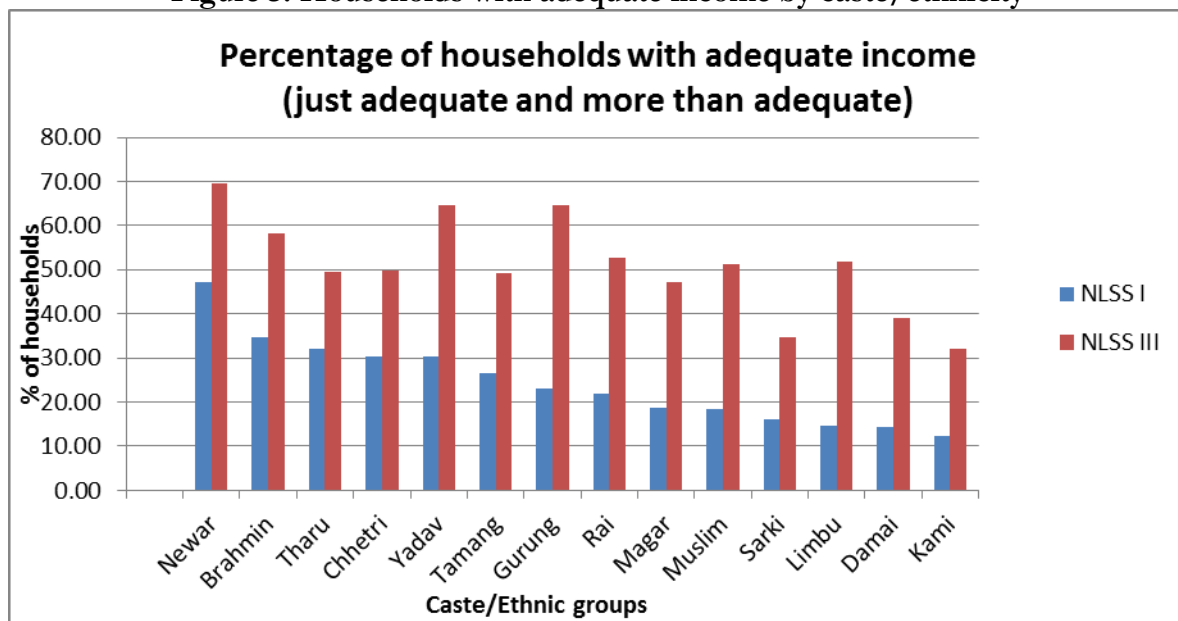
Chapter 4 : Data Analysis and Presentation

This section of the paper includes the data analysis of the research. This chapter presents and discusses the results obtained from the analysis of the data. It highlights the changes, although very little, observed in between the major castes and ethnic groups in the fifteen years of time while coming from NLSS I to NLSS III. The dimensions such as income and consumption; poverty and human development values; education; health; and migration and remittances are analysed.

Adequacy of total income:

The adequacy of income refers to the self-reported adequacy of total income as perceived by the respondents. The adequacy of income is categorised into three responses: less than adequate, just adequate and more than adequate. The Figure 3 demonstrates the comparative picture of percentage of households reporting adequacy (by combining just adequate and more than adequate) of total income in both the surveys.

Figure 3: Households with adequate income by caste/ethnicity



Source: Author's computation based on NLSS I and NLSS III

The figure indicates a remarkable movement in some caste/ethnic groups in the middle of the distribution over the time, although groups in the ends do not seem to change significantly. The figure shows improved perception on adequacy of income for all the groups in NLSS III; however it is important to note peculiar changes in some groups. The data suggests that the *Yadavs* and *Gurungs* have notably improved their perception on adequacy of income in comparison to other groups in the recent survey. These groups significantly increased their perception on adequacy of income reaching almost equally comparable to that of the best performing group, the *Newars* in NLSS III. *Yadavs*, being concentrated in the terai districts of Nepal geographically closer India, might have improved their income through their easy access to Indian job market.

Further, the data on remittances also indicate the *Yadavs* significantly increased (by 21.43 %) their proportion of households receiving remittances in the recent household survey. So, the improved perception on adequacy of income in these groups is possibly contributed by the remittances transfers sent by the migrant workers especially those working in Indian job market. But the story of *Gurungs* might not be similar to that of *Yadavs*. Mostly the *Gurungs* have a long history of recruitment in the British Gurkha Army and Indian Army as well as in the military services of other countries like Singapore, Hong Kong and Brunei. The lifestyle of the most of the *Gurung* families might have been improved over the period because of their increased involvement in these services and their incomes. In contrast, the Dalit castes such as *Damai*, *Kami* and *Sarki* (who also suffer from discrimination and exclusion in the society in the name of untouchables) do not seem to change much during this period and therefore they remain as the poorest caste in Nepal in both the surveys.

Pattern of change between different caste/ethnic groups:

The paper mainly observed the changes in pattern of inequality by exploring the changes that took place in different castes and ethnic groups in terms of their perception of adequacy of income in the fifteen years of time. The data suggested some notable changes in the patterns of adequacy of income while coming from NLSS I to NLSS III. In order to analyse the reasons for these changes, the paper further attempts to explore the changes in some other variables such as adequacy of food consumption, literacy, chronic illness, landownership and remittance transfers for different caste/ethnic groups in the selected period. The Table 4 presents the summary of results in terms of the percentage changes (between NLSS I and NLSS III) in above mentioned variables in the selected castes/ethnic groups.

Table 4: Percentage change of all the variables from NLSS I to NLSS III

Caste/ Ethnicity	Adequacy of total income (%)			Adequacy of food consumption (%)			Literacy (%)		Land ownership (%)				Suffer chronic illness (%)			HH receiving remittances (%)		
	NLSS I	NLSS III	Change	NLSS I	NLSS III	Change	NLSS I	NLSS III	Change	NLSS I	NLSS III	Change	NLSS I	NLSS III	Change	NLSS I	NLSS III	Change
Newar	47.33	69.60	22.26	72.67	93.15	20.48	66.78	79.08	12.30	53.33	46.05	-7.29	6.06	14.22	8.16	17.33	15.64	-1.69
Brahmin	34.62	58.32	23.70	58.61	92.91	34.30	66.08	79.19	13.11	83.56	71.00	-12.56	8.25	14.25	6.00	24.18	36.41	12.23
Tharu	32.07	49.42	17.36	65.76	88.80	23.04	33.33	60.87	27.54	80.98	80.69	-0.28	3.44	7.58	4.15	11.96	35.14	23.18
Chhetri	30.44	49.95	19.51	50.00	84.34	34.34	46.43	68.66	22.22	88.33	80.08	-8.25	8.33	12.10	3.77	24.61	29.04	4.43
Yadav	30.39	64.67	34.27	57.84	89.33	31.49	31.37	44.75	13.38	86.27	90.67	4.39	3.92	8.78	4.85	23.53	44.67	21.14
Tamang	26.43	49.12	22.69	46.43	85.59	39.16	28.99	58.64	29.65	87.86	74.12	-13.74	6.36	9.47	3.12	14.29	19.12	4.83
Gurung	23.02	64.54	41.52	61.11	90.07	28.96	47.54	71.56	24.02	76.98	56.03	-20.96	6.46	13.15	6.70	33.33	34.04	0.71
Rai	21.82	52.86	31.04	29.09	87.62	58.53	38.89	65.18	26.29	80.00	79.05	-0.95	7.03	9.97	2.94	25.45	30.48	5.02
Magar	18.63	47.22	28.59	36.65	84.34	47.70	48.45	67.13	18.69	90.68	82.58	-8.11	4.75	11.36	6.61	24.84	35.35	10.51
Muslim	18.55	51.31	32.76	45.16	80.10	34.94	27.64	45.47	17.83	60.48	57.07	-3.42	5.26	8.89	3.62	25.00	30.89	5.89
Sarki	16.00	34.65	18.65	28.00	65.35	37.35	16.33	57.93	41.60	76.00	91.34	15.34	6.62	11.76	5.14	22.00	25.20	3.20
Limbu	14.52	51.90	37.38	30.65	84.81	54.16	45.16	65.50	20.34	90.32	82.28	-8.04	7.05	7.91	0.86	8.06	29.11	21.05
Damai	14.29	38.93	24.65	26.79	66.41	39.63	32.73	57.48	24.75	80.36	66.41	-13.94	5.64	11.69	6.05	17.86	22.90	5.04
Kami	12.34	31.97	19.63	21.43	66.80	45.37	25.97	57.30	31.33	81.17	84.02	2.85	8.26	11.96	3.70	29.22	30.33	1.11

Source: Author's computation based on NLSS I and NLSS III

Table 5: Ranks of different caste/ethnic groups in their respective indicators in NLSS I and NLSS III

Caste/ethnicity	Adequacy of total income		Adequacy of food consumption		Literacy(those who can read)		Households owning land		Households suffering chronic illness		Households receiving remittances	
	NLSS I	NLSS III	NLSS I	NLSS III	NLSS I	NLSS III	NLSS I	NLSS III	NLSS I	NLSS III	NLSS I	NLSS III
Newar	1	1	1	1	1	2	14	14	9	2	11	14
Brahmin	2	4	4	2	2	1	6	10	3	1	7	2
Tharu	3	9	2	5	8	8	8	6	14	14	13	4
Chhetri	4	8	6	10	5	4	3	7	1	4	6	10
Yadav	5	2	5	4	10	14	5	2	13	12	8	1
Tamang	6	10	7	7	11	9	4	9	8	10	12	13
Gurung	7	3	3	3	4	3	11	13	7	3	1	5
Rai	8	5	11	6	7	7	10	8	5	9	3	7
Magar	9	11	9	9	3	5	1	4	12	8	5	3
Muslim	10	7	8	11	12	13	13	12	11	11	4	6
Sarki	11	13	12	14	14	10	12	1	6	6	9	11
Limbu	12	6	10	8	6	6	2	5	4	13	14	9
Damai	13	12	13	13	9	11	9	11	10	7	10	12
Kami	14	14	14	12	13	12	7	3	2	5	2	8

Source: Author's computation based on NLSS I and NLSS III

Table 4 summarises the changes in all the indicators that occurred in different caste/ethnic groups in between 1995/96 and 2010/11 and Table 5 illustrates the changes in the ranking of these groups in two surveys. The data shows that some caste/ethnic groups perform very well within this period which could even change their ranking among the different groups in the recent survey. Some of the groups which use to be in the middle or end of the hierarchy in NLSS I have jumped ahead in the ranking while coming to NLSS III. For instance, the *Gurungs* and *Yadavs* have significantly increased their perception of adequacy of income so that they increased their ranking respectively from 5th and 7th in hierarchy to 2nd and 3rd in the recent survey. Similarly, the *Rais* and *Limbus* made a huge leap in their perception of adequacy of food consumption which cannot be dismissed while analysing the pattern of change. While comparing the data on literacy, the so called low-caste groups *Sarki* and *Kami* showed huge improvement in their literacy status but this could slightly improve their ranking within this period of time. In the same line, the pattern of landowning shows that the *Gurungs* have largely declined their land ownership in this period of time and in the meantime, the groups like *Kamis*, *Yadavs* and *Sarkis* are observed to raise their land ownership in NLSS III in comparison to the NLSS I. Similarly, the data on remittance also suggest that the groups like *Tharu*, *Yadavs* and *Limbus* have largely increased their proportion of household receiving remittances in comparison to other caste/ethnic groups. While exploring health situation, different degrees of changes are observed in the incidence of chronic illness among these different groups. The positions of different caste/ethnic groups in the ranking has changed significantly for some ethnic groups, nevertheless the relative position of the groups in the ends of distribution does not change much.

The data does not show dramatic changes in every caste/ethnic groups in all indicators over the time; rather it shows somewhat scattered but noteworthy changes in the distribution. Nevertheless, this little change observed over the time has a great significance while analysing the patterns of inequality between different caste/ethnic groups. For instance, the group which shows the highest rise in adequacy of total income shows a very little improvement in education and other variables. So, this indicates that there can be many reasons underlying behind the changes taking place in these different caste/ethnic groups. There may be several factors such as distribution of caste/ethnic groups (rural and urban), their inabilities to use the resources, their situation in the society, their access to the services and facilities etc. causing for different degree of changes. As discussed by the capabilities approach, the difference in the abilities of different groups creates inequality in the society. So, these data suggest that no single caste/ethnic group show dominant change in all the indicators. However, when discussing about the overall ranking of these groups in terms of well-being, the so called advanced groups like *Newars* and *Brahmins* are far ahead than the other disadvantaged groups in both the surveys. The dalits caste groups (*Damai*, *Kami*, *Sarki*) and other ethnic groups like *Tharus*, *Gurungs*, *Rais*, and *Limbus*, even though show notable changes in some of the indicators, they are still far behind in the group hierarchy. The following sections of the paper deal with the analysis of these changes taking place in each indicator over the time.

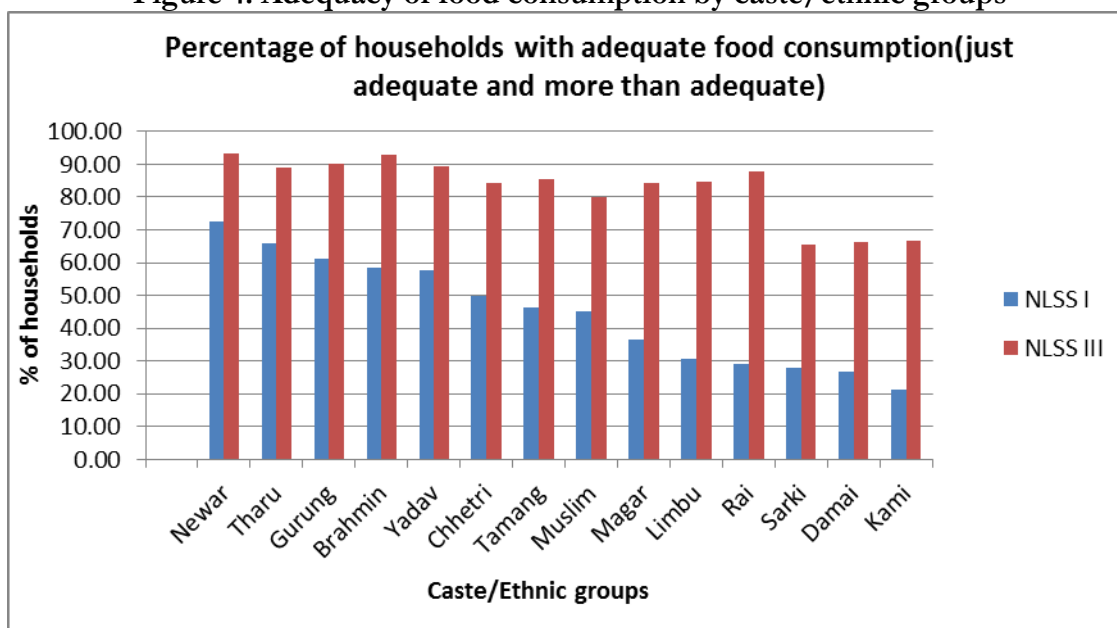
Adequacy of food consumption:

The food consumption pattern of any society is determined by many factors such as income, domestic food production as well as the availability of food. In this regards, literatures claim the total disposable income as the main factor that determines the food consumption pattern. Food consumption is assumed to rise with the rise in income in the society. In line with this, (Gil et al. 1995:87) have mentioned that:

Economic theory suggests that the main determinants of changes in food consumption are variations in real consumer income and in the price of complementary or substitute goods. In the case of food, few other goods can be considered close substitutes. Thus, it is likely that the principal economic determinant of long-run changes in per capita food consumption is variation in real consumer income.

As food is basic requirement of human being, several policies have been implemented in the areas of food security and nutrition. However, majority of districts of Nepal are still suffering from food deficiency and about 41 percent of population consume less than minimum dietary requirement(NPC 2013:59). This paper analysed the food consumption status of the major caste/ethnic groups of Nepal in terms of their perception on adequacy of food consumption (illustrated in figure 4).

Figure 4: Adequacy of food consumption by caste/ethnic groups



Source: Author's computation based on NLSS I and NLSS III

The data reflect that there is general trend of increase in percentage of households reporting sufficient food consumption from NLSS I to NLSS III. However, while looking into the individual caste/ethnic groups, the difference is observed. The groups like *Magar*, *Rai* and *Limbu* are observed to improve impressively over the time and reach to more or less equal to the best performing group. This increase in the food consumption can be mainly explained by the improvement in their income through the foreign employment and remittances for these groups. As illustrated in Table 5, the *Magar*, *Rai* and *Limbu* have increased their remittance receiving households respectively by 10.51, 5.02 and 21.05 percentage in this period. Major fraction of remittance being used in consumption might have improved the food consumption of these groups thus leading to improvement in their perception of adequacy of food consumption.

Besides the income, the food consumption also depends upon the agricultural productivity, soil fertility, fertilizers availability, rainfall and many other factors. As the eastern part of Nepal is more developed in terms of infrastructure, communication as well as transportation, it is anticipated to have easy availability of agricultural inputs such as fertilisers and the improved technology in comparison to the western regions. Due to these reasons, the people in this region are expected to have improved their production as well as consumption over the time. Empirically, the ethnic groups like *Rai*, *Magar* and *Limbus* showing improved adequacy of food consumption points out at a situation of better food consumption status in the eastern regions of the country.

In contrast, the NLSS III data further indicates that the so-called lower caste groups (*Damai*, *Kami* and *Sarki*), who suffered from long history of discrimination and social exclusion in Nepalese society, still perceive their food consumption as inadequate. Although they improved their perception from NLSS I to NLSS III, they are still in the lowest position in the overall ranking of all the selected caste/ethnic groups. The data also suggest that these groups do not have sufficient income (as illustrated in Figure 3). The results point out at the inability of the so called low-caste groups to capture the opportunities for increasing their income and thus continue to remain in poverty and deprivation. Over the time, these groups have not changed significantly in terms of their income as well as consumption, in spite of general trend of improvement in overall groups.

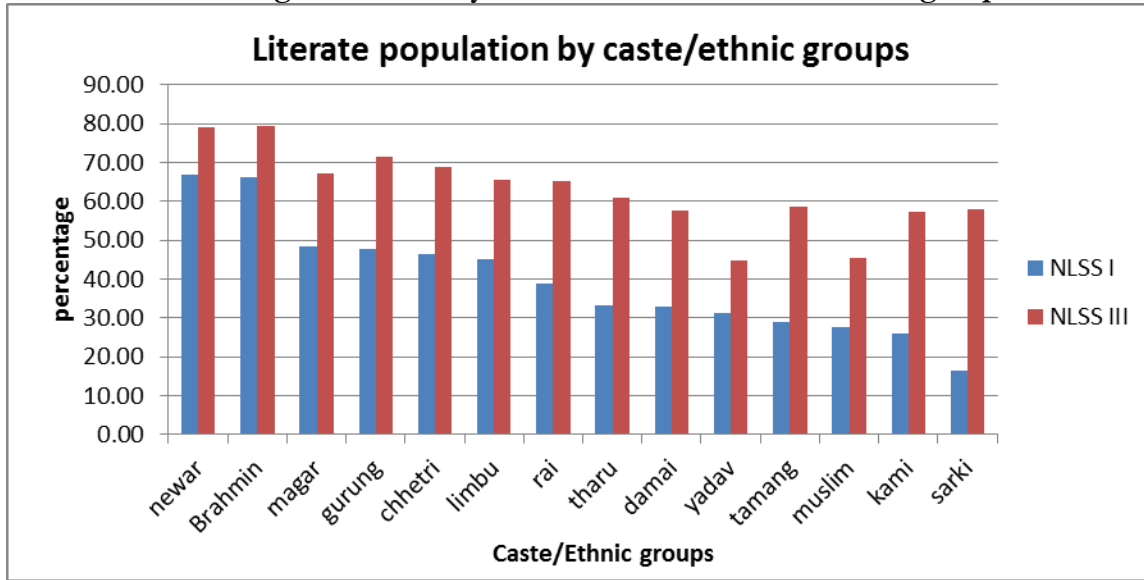
Education:

The level of education also depends upon the economic status of any country and in the same time the education status of a country indicates its level of development of the country. Although the adult literacy in Nepal is improving in average, the situation is not similar for all the groups of population. This section of the paper compares the education status (those who can read) of different castes and ethnic groups in Nepal in the two NLSSs.

Literacy status of different caste/ethnic groups:

The ‘Approach Paper to Thirteenth Plan of Nepal’ acknowledges that investment in the education sector has been increased in order to improve the literacy level and access to quality education. It further states that there are challenges such as high drop out and repetition rates, low pass rates and inadequate access to education (NPC 2013:74). In such a scenario, the figure 5 presented below compares the literacy status of selected castes/ethnic groups in Nepal in NLSS I and NLSS III.

Figure 5: Literacy Status of different caste/ethnic groups



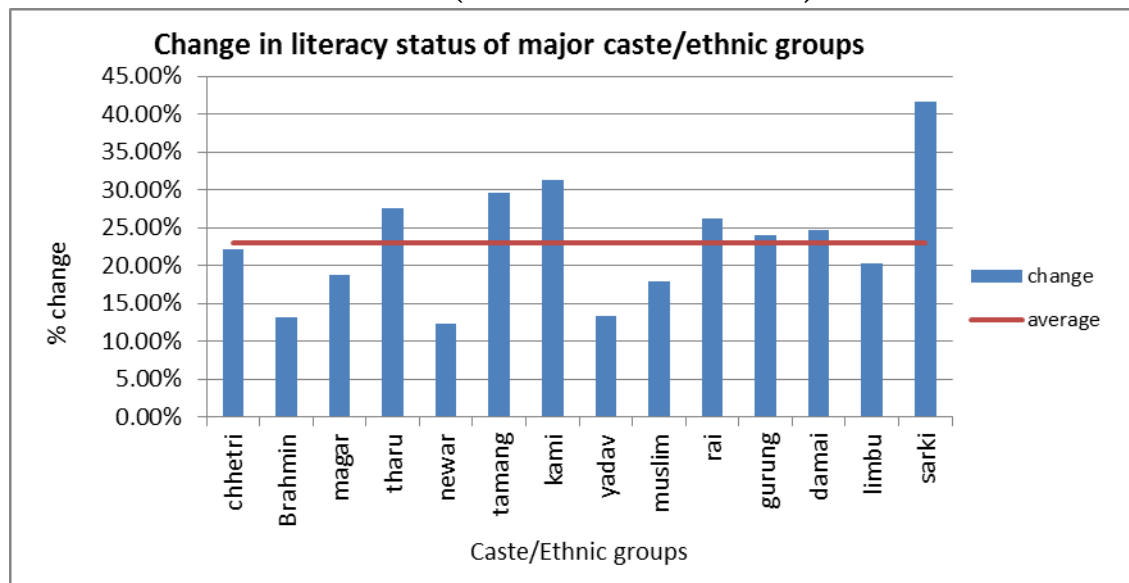
Source: Author's computation based on NLSS I and NLSS III

The chart indicates that there has been significant improvement in the education (literacy status) of the different caste/ethnic groups during these fifteen years of time. Comparatively, the caste/ethnic groups which remained in end of the distribution in the NLSS I have improved their education significantly in this period. This shows improved equality in the education status among the caste/ethnic groups over the time. This improvement in the education sector might be due to the combined efforts made by all the actors of development. In one hand, the government seems to prioritise education sector and thus increasing investments to ensure quality education for the people, on the other hand non-government sectors are also raising awareness among the communities about the importance of education. Additionally, (Dahal 2014) opined that remittances inflows have positively affected the lower secondary and secondary education in Nepal in the period between 2004 and 2011. Thus, the increase in remittances in the recent years might have played an important role in improving the education status.

In addition to this reason, the literatures have also pointed out at other reasons for improving educational status in Nepal. MDG report 2013 states that “Nepal has made excellent progress in primary education: from just 64 percent in 1990, the net enrolment rate (NER) at the primary level reached 95.3 percent in 2013” (GoN and UNDP 2013:19). The report has identified the progress in the enrolment rate was due the government’s emphasis on Early Childhood Development(ECD) programs, increased primary school networking, policy documents reflecting government’s commitment to free and compulsory primary education and increased access to schooling. Further, the report mentions that the incentives for the targeted groups such as midday meal, cooking oil and take home rations have also contributed significantly in improving access in the primary level (GoN and UNDP 2013:25).

However, it is important to note that some groups like *Sarki*, *Kami* and *Tamang* have made significant improvement in their education status over the fifteen years of time (as illustrated in Figure 6) while analysing the changing patterns.

Figure 6: Change in literacy status by major caste/ethnicity (from NLSS I to NLSS III)



Source: Author's computation based on NLSS I and NLSS III

The chart clearly elucidates that the group *Sarkis* exhibit the highest change(41.60%) followed by *Kami*(31.33%) and *Tamang*(29.65 %) in their literacy over the time. These groups are the groups which were previously very poor in the education. The main reason for this significant improvement in the literacy status of these groups might be due to the free primary education for all in Nepal. More particularly, the incentives provided to the targeted groups might have worked effectively to bring this achievement in the literacy. Besides, the government as well as non-government organisations are also conducting many informal education programs for improving the literacy status in the country. So, the significant improvement in literacy rates of economically backward groups shows that the basic education seems to be less associated with the income.

In contrast, *Newars* and *Brahmin* exhibit low changes in their literacy status as they were already well educated from earlier periods and therefore demonstrated minimum change in the literacy status. But while coming to NLSS III, the data report that although the disadvantaged groups like *Sarkis*, *Kami* and *Tamang* exhibit significant change in their literacy status, they still have relatively lower educational status in comparison to other caste/ethnic groups. That means equality is not yet achieved in spite of greater changes by the lower caste/ethnic groups.

As only the literacy status is not sufficient to fully reflect the situation of inequality in education, the paper also includes the data reported by the central department of sociology and

anthropology to present the status of education in higher levels in more detail and broader way. The table 6 clearly shows the educational achievement in different caste/ethnic groups for different levels which is important to be noted in educational achievement in Nepal.

Table 6: Educational status by caste/ethnicity

Caste /ethnicity	Literacy rate (%)	Basic level educated population (%)	Secondary level educated population (%)	Higher level educated population (%)
Brahmin-Hill	81.89	44.32	45.39	10.30
Brahmin-Terai	81.06	45.61	43.46	10.93
Newar	80.07	45.92	44.20	9.88
Limbu	74.69	65.44	32.45	2.11
Gurung	74.36	64.28	33.25	2.47
Rai	74.33	64.91	32.79	2.30
Chhettri	72.13	61.85	34.27	3.88
Magar	71.09	73.68	24.98	1.34
Tharu	64.41	71.60	26.93	1.47
Tamang	62.60	76.35	22.32	1.33
Damai	62.53	83.99	15.44	0.58
Kami	62.00	83.92	15.48	0.59
Sarki	60.74	84.93	14.58	0.49
Yadav	51.78	67.44	29.16	3.40

Source: Social Inclusion Atlas of Nepal, Central Department of Sociology and Anthropology 2014

The data displayed on the above table demonstrate that the literacy status and basic education is observed to be higher in all the caste/ethnic groups including the so called backward communities such as the Dalit castes, marginalised and disadvantaged ethnic groups. However, in the case of secondary and higher level education; the Dalit castes such as *Damai*, *Kami* and *Sarki* exhibit the lower status in comparison to the *Brahmins* (hill and terai) and *Newars*. Further, the ethnic groups such as *Magar*, *Tamang*, *Tharu* and *Muslim* also demonstrate lower level of higher educational status.

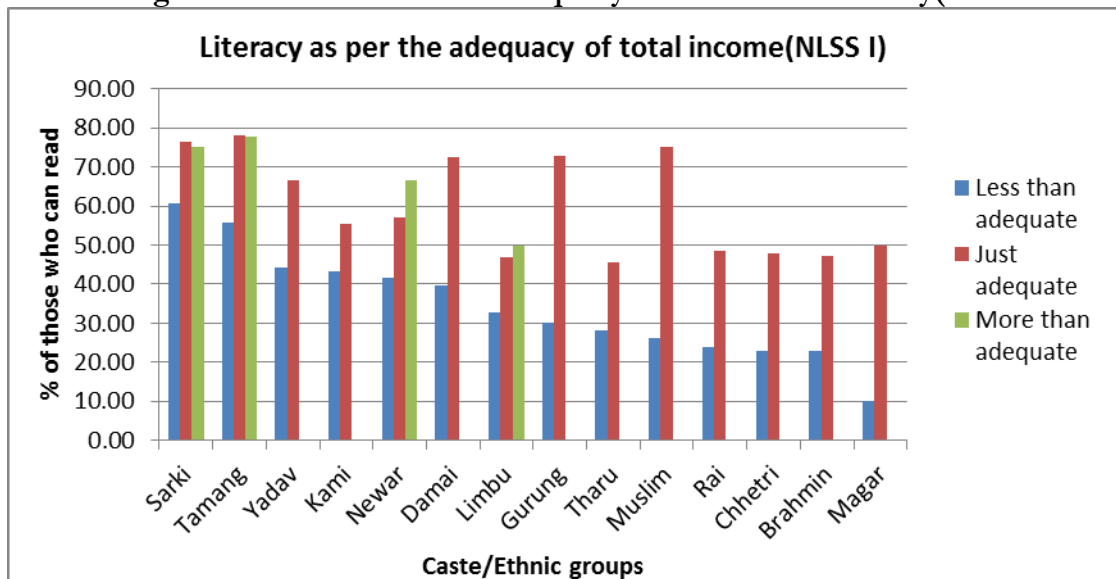
Although there is increased equality in the literacy and basic education, there is still high level of inequality among different caste/ethnic groups in the higher education. The Table 6 clearly justifies that although the lower castes groups such as *Damai*, *Kami*, *Sarki* and disadvantaged/marginalised ethnic groups such as *Magar*, *Tamang* and *Tharu* significantly improved their literacy status/basic education, they do not have significant presence in secondary and higher secondary level of education. This shows that the groups with lower level of income adequacy even though they get enrolled in basic level, they are unable to complete their education levels due to various reasons including economic resources to cover school costs. Further, the children in the economically backward family, when grown up, may need to get engaged in workforce for supporting their family financially which possibly cause drop-out from their schools. Moreover, the education also becomes

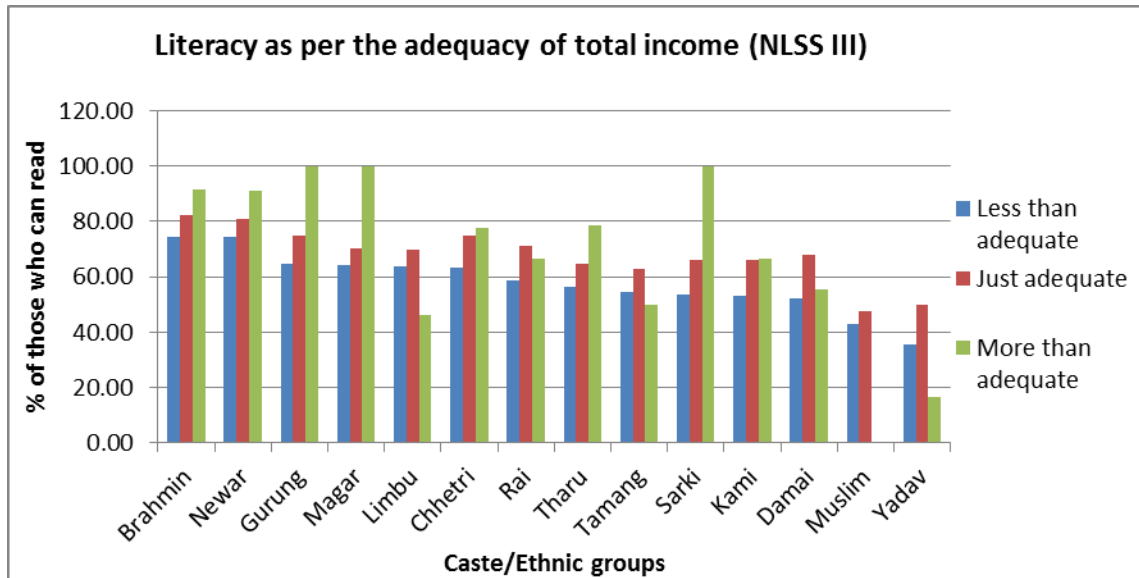
costly as it reaches the higher levels. This again discourages the poor groups from sending their children to school. Besides, in case of conflict affected countries, the children may be affected in many ways such as involvement in military, workforce or marriage which could be another reason for high drop out of the children in secondary and higher education.

When asked about the reasons for poor status of the disadvantaged group in higher level education, a journalists for National Newspaper (Gorkhapatra) and expert in the field of *dalits* issues viewed that as the children reach the workable age, they tend to drop the school due to several family related reasons. Some reasons include working for supporting family economically, look after the younger siblings and work in family occupation (including agriculture and other specific occupation). These cause the significant decline of these caste/ethnic groups in secondary and higher level education. Besides these, scholarship and the incentive policies provided by the government in the secondary and higher secondary level may not be effective enough to attract these groups.

This points out at unequal educational status especially in higher education among advanced and disadvantaged castes/ ethnic groups in Nepal. The Figure 7 below shows clearly the positive relationship between the education and adequacy of total income. This provides the evidence that the education status of those who can read is significantly determined by the adequacy of their total income. Those who report less adequate income tend to have less portion of respondents who can read and in contrast to this, those who perceived their income as adequate tend to have larger portion of the respondents who can read. This indicates that the adequacy and inadequacy of income shows some sort of relationship with the education status of the respondents. That means that the adequacy or inadequacy of total income determines the education/literacy status of the individuals.

Figure 7: Relation between adequacy of income and literacy(who can read)





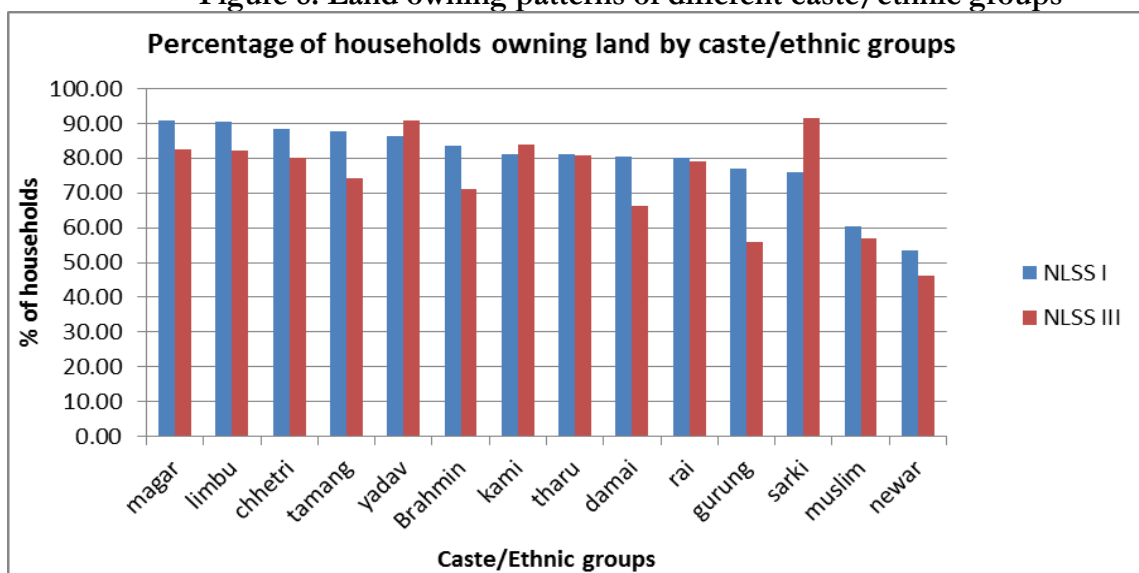
Source: Author's computation based on NLSS I and III

The NLSS III data suggest that *Yadavs* have significantly improved their adequacy of income over the time. In spite of improved adequacy of income, this group has lower status of literacy which is also reflected in poor human development status of this group.

Land ownership of different castes and ethnic groups:

Land ownership is one of the important indicators of economic strength and income. Nepalese economy primarily depends on agriculture and therefore land is a very important economic resource for the households in Nepal. It also helps to compare the existing situation different households in Nepal. The following chart shows the pattern of owning land by the selected caste/ethnic groups in the two living standard surveys.

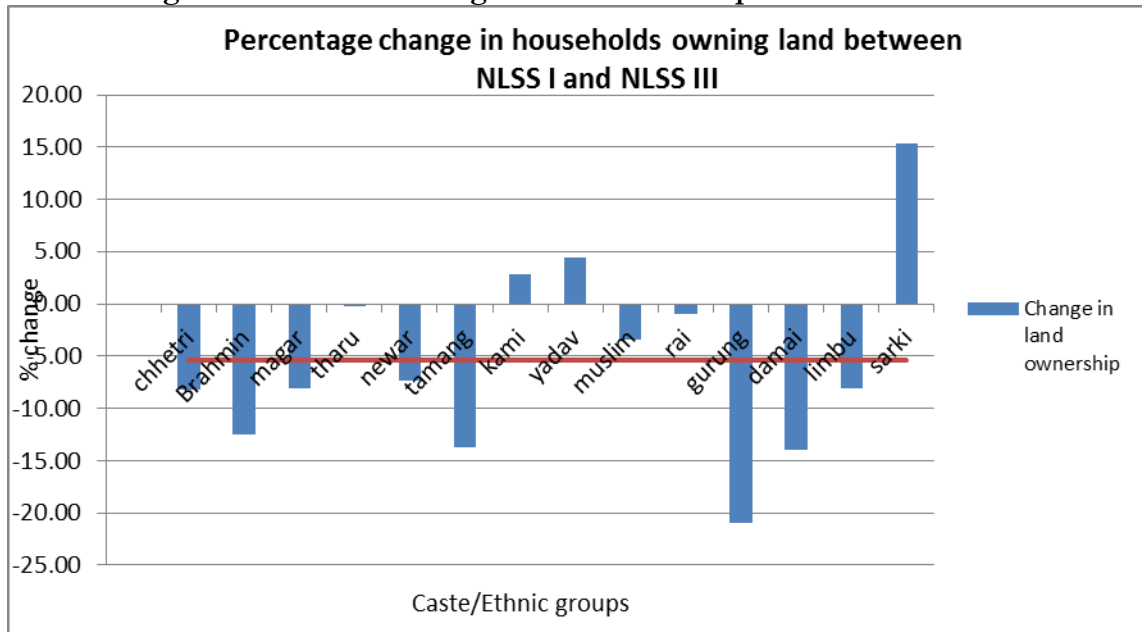
Figure 8: Land owning patterns of different caste/ethnic groups



Source: Author's computation based on NLSS I and NLSS III

This chart reflects majority of the households own land in both the surveys, however the paper has not considered about the size the land they owned. The general pattern of land ownership in both the surveys does not indicate much disparity between the groups. Even the so-called low caste groups, disadvantaged and marginalised groups own land significantly in contrast to their relative position and income. But, while comparing the change in the land ownership (illustrated in Figure 9), some important conclusions can be drawn. The changes in the land ownership may be explained by associating with the rural-urban migration caused to some extent by the effects of violent armed conflict that spread in Nepal in that period of time.

Figure 9: Pattern of change in land ownership from NLSS I and NLSS III



Source: Author's computation based on NLSS I and NLSS III

The chart shows the change in the land ownership for selected caste/ethnic groups between the two surveys. It indicates that general trend of owning land is declining over the time for most of the caste/ethnic groups. The decline is the highest in the *Gurung* followed by *Tamang* and *Brahmin* while it is lower in *Rais* and *Tharus*. In contrast to this, *Sarkis*, *Kamis* and *Yadavs* have increased their landownership during this period of time. The extreme violence and threats posed by the rebels during the armed conflict forced the large land owners to migrate from rural to urban areas and get involved in non- agricultural professions. But in the case of *Gurungs*, as they are concentrated in the western hilly districts of Nepal which were less affected during the conflict, they might have moved voluntarily as a consequence of their improved incomes and lifestyles. As most of the *Gurung* youths were recruited as British Gurkha Army, they have improved their income and they might have started to shift to somewhat comfortable place leaving the rural areas and selling their lands. This, on one hand reduced the land ownership of elites groups, on the other hand improved the possibilities for increasing land ownership for deprived groups due to cheaply available land in the rural areas. In

addition to this, the unexpected increase in the landownership in may also be explained to some extent due to increase in remittance (as shown in Table 11) and investment in buying land.

Health conditions:

The health conditions of the developing countries, although, improving the longevity and reducing the mortality rates, this is still a matter of growing concern among the people in lower and middle income countries. With economic growth, these countries are facing challenges to control the increasing tendency of non-communicable diseases. Popkin (1997) has pointed out that the many people in the lower and middle income countries are nowadays concerned about the changes in the food consumption, physical activities and obesity resulted from the rapid urbanisation as they are linked with the increased incidents of chronic illness.

In the same line, the coordinator of WHO's Mortality and Burden of Disease Unit reported that as the people are becoming better off, their incomes are rising and calories available are increasing, there is reduction in infectious diseases while in the meantime, the people are living longer and the non-communicable diseases develop. He further pointed out that with the changes in lifestyles; the chronic conditions which were once associated with the advanced countries are now slowly affecting the developing countries. According to him, the spread of fast food, processed food and increased amount of salt added in manufacturing is contributing to the chronic diseases such as cardiovascular diseases and cancers (AFP RELAXNEWS. 2012).

This analysis indicates that the increase in income, urbanisation and food consumption pattern are closely associated with increased incidence non-communicable diseases in any society. This is empirically analysed in the following section of the paper.

Health status of different caste/ethnic groups:

To observe the health status of different castes and ethnic groups, this paper has included the incidence of chronic illness, as an indicator, in the first and third round of survey. The following table presents the incidence of chronic illness in the selected castes and ethnic groups as reported by the NLSS I and NLSS III. The chronic illness include Heart diseases, Asthma, Epilepsy, Cancer, Diabetes, Cirrhosis of liver and occupational diseases as per the NLSS I while some other diseases such as kidney diseases, high/low blood pressure, rheumatism related, gynaecological problems and gastrointestinal diseases are also added to the list of major chronic illness in the NLSS III.

Table 7: Health status (chronic illness) of different caste/ethnic groups

Caste /Ethnicity	NLSS I			NLSS III			Change in trend of chronic illness (%)
	Suffer chronic illness	Total respondents	Suffer chronic illness (%)	Suffer chronic illness	Total respondents	Suffer chronic illness (%)	
Chhetri	295	3541	8.33	562	4644	12.10	3.77
Brahmin	228	2763	8.25	561	3936	14.25	6.00
Magar	46	969	4.75	216	1902	11.36	6.61
Tharu	44	1280	3.44	102	1345	7.58	4.15
Newar	101	1666	6.06	362	2545	14.22	8.16
Tamang	45	708	6.36	142	1499	9.47	3.12
Kami	66	799	8.26	141	1179	11.96	3.70
Yadav	25	637	3.92	76	866	8.78	4.85
Muslim	46	874	5.26	102	1148	8.89	3.62
Rai	18	256	7.03	92	923	9.97	2.94
Gurung	37	573	6.46	73	555	13.15	6.70
Damai	18	319	5.64	69	590	11.69	6.05
Limbu	26	369	7.05	28	354	7.91	0.86
Sarki	19	287	6.62	73	621	11.76	5.14

Source: Author's computation based on NLSS I and NLSS III

As mentioned above, the table shows that there is increasing trend of occurrence of chronic illness in all the selected castes and ethnic groups. However, the rise in chronic illness is observed to be higher in the relatively richer groups in terms of adequacy of income as well as food consumption. *Newars*, with the highest adequacy of income (Figure 3) as well as food consumption (Figure 4), are found to be demonstrating the highest increase in chronic illness which coming from NLSS I to NLSS III. So, the incidence of chronic illness therefore could be related with the increasing income and food consumption of the groups. But, there is no evidence that this is only the reason for increasing chronic illness among all the ethnic groups. Additionally, as per the table in methodology section, *Newars* are mostly distributed in the urban areas which are more populated, polluted and mismanaged in recent years due to internal migration people from the rural parts of the country. Thus, it appears that the incidence of chronic illness is higher in the urban areas which can be one of the main reasons for the high incidence of chronic illness in the *Newars*.

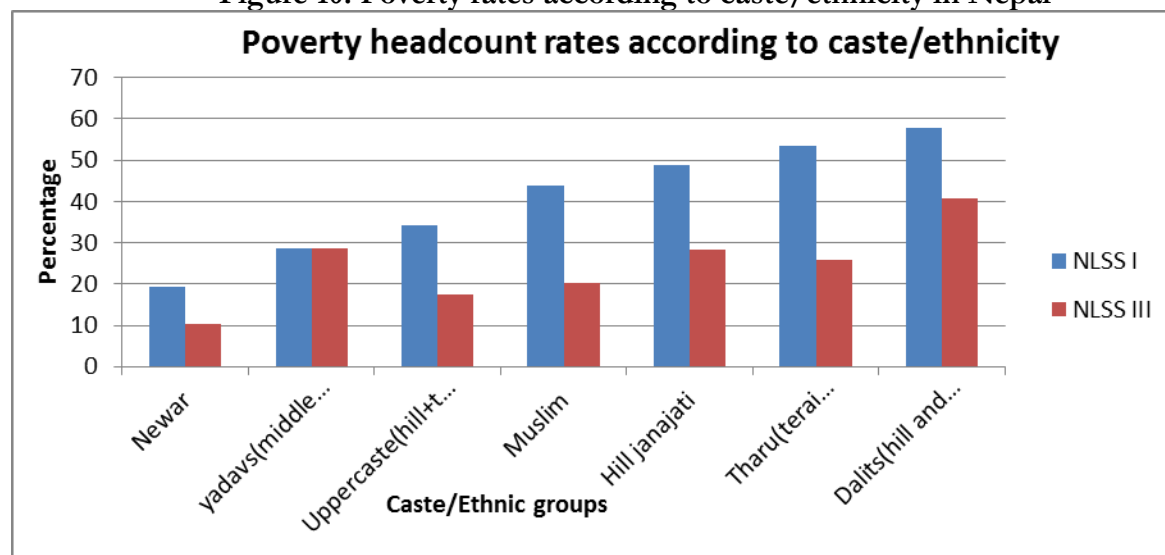
In this regard, one of the health experts in Nepal (a doctor in TUTH) opined that that there is trend of rise in the incidence of chronic and non- communicable diseases in the developing countries like Nepal in recent years. Rapid urbanisation, changes in the lifestyle and food consumption pattern in the people and different forms of pollution are believed as some of the important reasons for this increase in incidence of chronic illness. He also indicated that the tendency of chronic illness is higher in urban areas in comparison to the rural areas.

Poverty and Human Development Indices:

Poverty in different caste and ethnic groups:

The report of the Nepal Living Standard Survey (NLSS) III has recorded that 25.16 percent of Nepalese people are living below the poverty line. The report further mentioned that Nepal witnessed the reduction in absolute poverty by the decrease of 5.7 percent in between 2003/04 and 2009/10. Regarding the ethnic groups, the report mentioned that the poverty level is higher in the *Hill Dalit* and *Terai Dalit* whereas it is lower in the *Hill Brahmins* and the *Newars* (Thapa 2011). The situation of poverty in Nepal is found to be more serious in rural areas than in urban areas. An ‘Approach Paper to Thirteenth Plan of Nepal (2013/14-2015/16)’ stated that the indices of poverty and human development have been significantly improved by placing poverty alleviation at the centre of development efforts. It further pointed out that in spite of this progress, about 7 million Nepalese are still living below the poverty line and it has again indicated that poverty alleviation is a challenging task among the disadvantaged communities including *Dalits* and minorities (NPC 2013:106). In such a scenario, Figure 10 reflects the comparative poverty head count rates of the major castes and ethnic groups of Nepal in two points of time.

Figure 10: Poverty rates according to caste/ethnicity in Nepal



Source: CBS (1996) and CBS (2011)

The data reveals remarkable decline in poverty headcount for the groups like *Tharus* and *Muslims* while comparing the poverty head count rates in the two surveys. The *Tharus* are the groups with the largest proportion (23.18 %) of households receiving remittances. The highest remittances statistics provide an evidence for the *Tharus* to reduce their poverty headcount rates remarkably during these fifteen years of time. Similarly, the Muslims have also increased their proportion of households receiving remittances by 5.89 % which might have supported them to some extent to reduce their poverty rates.

While comparing these data with the adequacy of income, results were surprising that the *Yadavs* who improved their perception on adequacy of income notably could not reduce the poverty rates significantly. This indicates that these groups perceive their income as sufficient even with the minimum income they have. This indicates at the relative perception of poverty which differs from person to person as discussed by the capabilities approach. This result shows that there has not been any significant change in the relative status of disadvantaged and marginalised ethnic groups. The *Hill Dalits* and *Terai Dalits* who have been the poorest ethnic groups in 1995/96 have still remained as the poorest in 2010/11 as well. This different rate of poverty headcount reflects the existing inter-group inequality between different caste/ethnic groups in Nepal.

HDI values for different castes and ethnic groups:

The Human Development Index values are the composite index measuring the average achievement in three basic elements of human development- health (life expectancy at birth), education (adult literacy and mean years of schooling) and income (GNI per capita)(UNDP 2014). The Nepal Human Development Report 2014 used the data for life expectancy at birth; mean years of schooling and the adult literacy rate; and the National Accounts of Nepal to calculate the composite index of human development of different castes and ethnic groups of Nepal (UNDP 2014:84). The report further compared the HDI values for different caste/ethnic groups as illustrated in the following table (Table 8).

Table 8: HDI values by major caste and ethnic groups, 2011

Caste/Ethnic groups	HDI values
Newar	0.565
Hill Brahman	0.557
All Brahman/Chhetri	0.538
Madhesi Brahman/Chhetri	0.536
All Hill/Mountain Groups	0.511
Hill Janajati	0.509
Hill Chhetri	0.507
All Janajatis excluding Newar	0.482
Tarai Janajati	0.473
Madhesi Other Castes	0.46
All Tarai/Madhesi Groups	0.454
Hill Dalit	0.446
All Dalits	0.434
Muslim/Musalman	0.422
Madhesi Dalit	0.4

Source: (UNDP 2014)

The decomposition of HDI clarifies about the individual achievement of different castes and ethnic groups in each element of human development (see Appendix-2). These values of HDI indicate that the *Newars* have the highest level of human development followed by *Hill Brahmins*. In contrast to this, the HDI values are the lowest among the *Dalits* of Hilly and Terai regions.

Comparing with the income adequacy, *Yadav* and *Tharus* who increased their perception on adequacy of income largely in NLSS III are still far behind in comparison to the other caste/ethnic groups in the HDI values. This indicates at the multidimensionality of human development. Although income is a necessary precondition, it is not sufficient for achieving human development. The caste/groups such as *Yadavs* and *Tharus* are still lagging in human development in spite of their improvement in income in the recent years. These groups may be still lacking the other aspects of human development such as education and health which resulted into lower human development indices in comparison to the so called advanced caste/ethnic groups.

While comparing all these indicators between the different caste/ethnic groups, high level of inequality is observed in between them. The research witnessed a significant level of inequality in poverty, education status (especially higher education), health status as well as food consumption of the people. The degree of inequality between the caste/ethnic groups is observed to be different in two points of time. This means the pattern of inequality is not always same in all the indicators. However, in most of the situations, the status of advanced caste/ethnic groups like *Newars*, *Brahmins* and *Chhetris* is found to be different from that of the disadvantaged groups, marginalised groups and dalit caste groups. The traditionally excluded *Dalit* caste groups like *Damai*, *Kami* and *Sarki*; marginalised groups and disadvantaged ethnic groups are seen to be backward in most of the aspects of socio-economic development. All those analysis of various indicators presents the continuity of the inequality among various caste/ethnic groups in Nepal.

The most interesting part of the paper is that the results show that there is continuing improvement in all the indicators. Although the country faced a serious armed conflict which was affecting the economy of the nation through reduced investment, reduced foreign direct investment and political instability, there was improvement in the well-being indicators on average. The following sections of the paper discusses about the cause of this unusual trend in Nepal.

Effects of armed conflict in migration and remittance transfers:

The literatures indicate that the civil wars and conflict have strong relationship with the local, internal and international migration of the people. (Gammage. 2007)estimated that more than 25 % of population of El Salvador migrated out in the period between 1979 and 1992, when the country faced civil war and remittances have become an important source of national income comprising about half of all the export earnings. Likewise, Guatemala also experienced a long, violent civil war from 1960 to 1996 which caused many people to migrate out to the United States during the conflict period and the process is still continuing in the post-conflict period due to their severe socio-economic problems (Jonas. 2013). Similarly, (Bohra-Mishra 2011) also highlighted migration as one of the significant impact of Maoist conflict which existed in Nepal from 1996 to 2006. She found that the effect of violence on likelihood of migration was different for different destinations. The effect increased as the distance of migration increased, i.e. increased from local to internal and then to international migration (Bohra-Mishra 2011:27). (Bhattarai. n.d.:14) also opined that Maoist conflict as a major cause of forced migration and barrier for the peace and development in the country. He further mentions:

The deterioration of economy, huge development budget diverted to defense, passive economic market and political instability are the obvious signs of economic, social and political famine in the form of “armed conflict” has immense impact on the development projects and programs thereby accelerating “forced” migration within the country and even internationally.

Williams and Pradhan (2009:16) empirically investigated the impact of political conflict in migration patterns in Nepal and concluded that some of the events and aspects of conflict could influence the decision of the individual to migrate from the conflicted area (Williams and Pradhan 2009). Further, they highlighted that the decisions of migration are differently affected by the types of events such as imposing high level of threat such as gun battles, and events imposing low levels of threat- strikes and protests.

Moreover, the data from the NLSS III, which showed that about 50.17 % of the total households reported absentee population, can be considered as important evidence to justify the increased tendency of out-migration from the different districts of Nepal. However, there is no evidence that the migration during this period was caused as an effect of Maoist conflict. The data (shown in Table 9) presents that almost all the castes and ethnic groups had major part of their population away from their home for several reasons (as illustrated in Table 10). The majority of them were away for searching a job and starting a new job. This pointed out unemployment and lack of opportunities (which might be the outcome of the stagnation caused by the armed conflict) as one of the causes for increased migration of people. When comparing the groups, the *Damais* have the largest proportion households (63.36%) with absentees while the *Newars* have the lowest (37.08%).

Table 9: Households reporting absentees in NLSS III

Caste/ethnic groups	HHs with absentees	HHs without absentees	Total	% of HH with absentees	% of HHs without absentees
Newar	211	358	569	37.08	62.92
Brahmin	471	474	945	49.84	50.16
Tharu	133	126	259	51.35	48.65
Chhetri	537	472	1,009	53.22	46.78
Yadav	72	78	150	48.00	52.00
Tamang	157	183	340	46.18	53.82
Gurung	86	55	141	60.99	39.01
Rai	126	84	210	60.00	40.00
Magar	225	171	396	56.82	43.18
Muslim	100	91	191	52.36	47.64
Sarki	69	58	127	54.33	45.67
Limbu	44	35	79	55.70	44.30
Damai	83	48	131	63.36	36.64
Kami	138	106	244	56.56	43.44

Source: Author’s computation based on NLSS III

This table indicates that most of the selected castes and ethnic groups reported for absentee in the survey with *Damai* reporting the highest proportion of absentee (63.36%). This indicated a general trend of migrating out from their place of origin is very common in Nepal. When analysed for the reasons for leaving their place of origin came up with following results as tabulated below:

Table 10: Reasons for leaving the place of origin

Reason for leaving	Frequency	Percentage
Together family/relatives	944	15.54
Other family reasons	471	7.75
Education	1,261	20.76
Training	21	0.35
Looking for work	1,559	25.67
Start new job	1,158	19.06
Start new business	205	3.38
Job transfer	164	2.7
Conflict	7	0.12
Easier life style	104	1.71
Other	180	2.96
Total	6,074	100

Source: Author's computation based on NLSS III

The data clarifies that majority absentees are found to be shifting from their place of origin to the India and then to Kathmandu, the capital city and some significant portions moving to Qatar, Malaysia and Saudi Arabia (shown in Apendix-1). The reasons for leaving the place are mainly for looking for work and starting a new job. This indicates that lack of proper job seems to be the most important cause forcing the people to migrate from their place. There is no strong evidence to explain the increasing trend of migration is caused by the conflict, however, it can be anticipated that conflict might have played some role in creating the joblessness and lack of opportunities which induced forced migration in the households.

Further, the report of NLSS III has also identified that there has been a significant increase in remittance from the migrant workers within the 15 years of time from 1995/96 to 2010/11 (CBS 2011). It is one of the important reasons for the declining poverty situation even during the period when country was witnessing armed conflict. This also indicates that the socio-political as well as the economic situation created during the armed conflict might have caused the migration of the people while looking for a better place to live. Here, the following table highlights the percentage distribution of households receiving remittances, thus elucidating the out-migration of different caste/ethnic groups during the period.

So, it can be anticipated from the above analysis, that during the period of armed conflict in Nepal, there was a high tendency of migration of people from rural areas to urban areas such as

district headquarters. In the similar fashion, the international migration also increased significantly during this period. This increase in international migration leads to the increased remittances which ultimately resulted into average increase in income and consumption of people in Nepal.

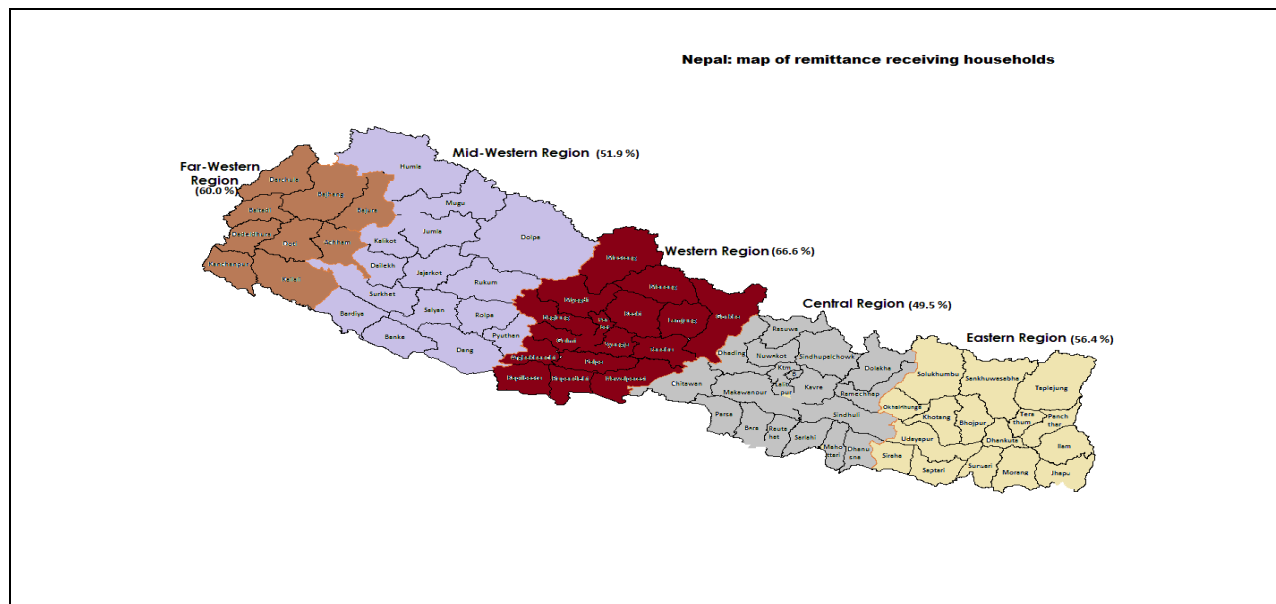
Table 11: Percentage distributions of households receiving remittances

Caste/ethnic groups	NLSS I			NLSS III			Change (%)
	Remittance receivers	Total house holds	% of house holds	Remittance receivers	Total house-holds	% of house-holds	
Chhetri	156	634	24.61	293	1009	29.04	4.43
Brahmin	125	517	24.18	339	931	36.41	12.23
Magar	40	161	24.84	140	396	35.35	10.51
Tharu	22	184	11.96	91	259	35.14	23.18
Newar	52	300	17.33	89	569	15.64	-1.69
Tamang	20	140	14.29	65	340	19.12	4.83
Kami	45	154	29.22	74	244	30.33	1.11
Yadav	24	102	23.53	67	150	44.67	21.14
Muslim	31	124	25.00	59	191	30.89	5.89
Rai	14	55	25.45	64	210	30.48	5.02
Gurung	42	126	33.33	48	141	34.04	0.71
Damai	10	56	17.86	30	131	22.90	5.04
Limbu	5	62	8.06	23	79	29.11	21.05
Sarki	11	50	22.00	32	127	25.20	3.20

Source: Author's computation based on NLSS I and NLSS III

This table presents the percentage of households receiving remittances in both the surveys and the change in the percentage as well. From this, it is clear that the ethnic groups from terai regions, especially *Tharus* and *Yadavs* have significantly increased the proportion of households receiving remittance in comparison to other groups. The geographical proximity as well as easy access of these groups to Indian job market may be one of the pulling factors for their increased labour migration and thus increased remittances. While comparing the remittance statistics with the income, it is found that these groups have significantly improved their perception on adequacy of income in the recent years. However, the *Gurungs* are found to improve their perception on adequacy of income without increasing their remittances. Further, NLSS III data showing the highest percentage of households receiving remittances in the western development regions (Figure 11) also justifies the increased proportions of *Madesh* groups' households receiving remittances.

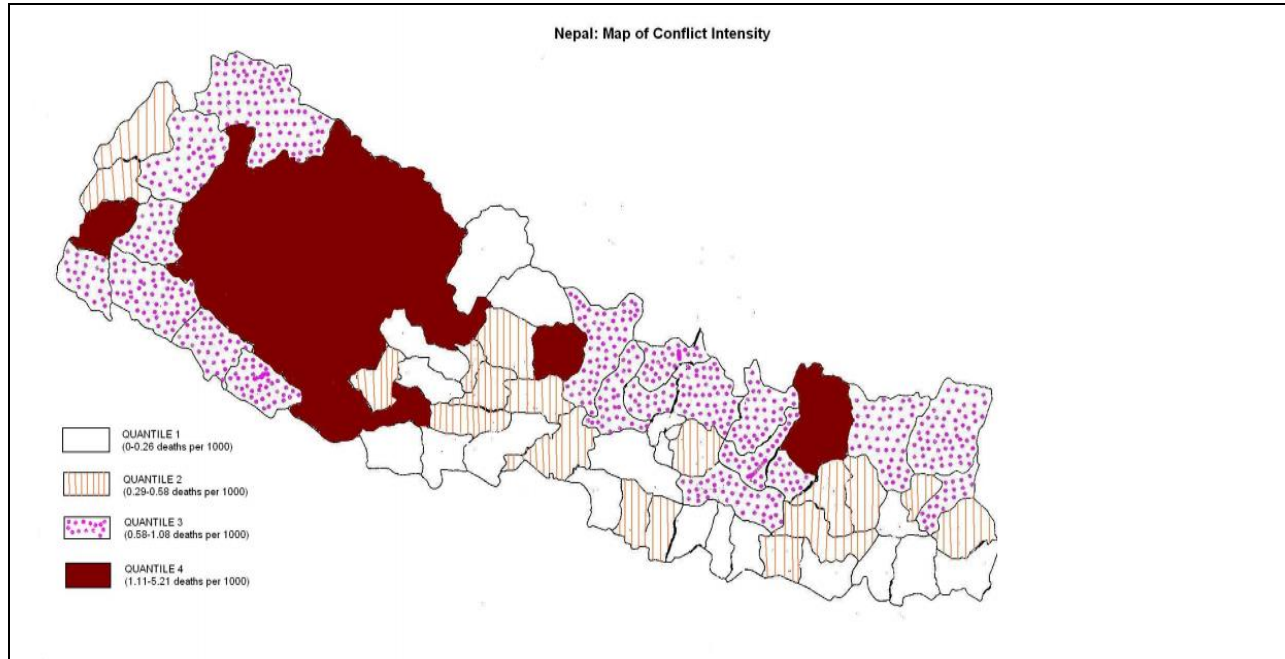
Figure 11: Map showing percentage of remittance receiving households in 2010/11



Source: manipulated by Author

The map shows that the proportion of households receiving remittances is the largest in western development region followed by that of far western development region of Nepal. But while comparing it with the geographical intensity of armed conflict in Nepal (illustrated in Figure 12), conflict does not seem to be related with the migration and the remittance statistics. The *Tharus* and *Yadavs*, who are observed to migrate the most and send remittances the most in recent years, are concentrated more in the western and far western development regions while these regions are found to be comparatively less affected by the armed conflict. These data suggest that the labour migration and consequently the remittances that increased within this period may not be directly due to the effects of the conflict during that period. The migration pattern might have been caused due to the various regional and geographical factors such as remoteness, poverty, deprivation, unemployment and comparative level of development of the particular region.

Figure 12: Map showing the conflict intensity in Nepal



Source: Adopted from Do and Iyer (2007:36)

Although the literatures like Gammage(2007), Jonas(2013), Bohra-Mishra(2011) pointed out migration as one of the effects of civil wars and conflict, the data suggest differently in this study. While comparing the remittances statistics with the conflict intensity, they do not show any relation between the two. The *Tharus* and *Yadavs* who are found to be migrating and sending remittances the most are found to be concentrated in the western region of Nepal which is least affected in terms of conflict intensity. It is, therefore, clear that armed conflict may not be the only one cause for the increased labor migration and then remittances in Nepal during these fifteen years of time. Further, (Massey et al. 2010) considers the environmental changes such as declining land cover, falling agricultural productivity and rising population density are some of the causes for out-migration in Nepal in recent years. Further, they claim that the high-caste Hindus such as *Brahmins* and *Chhetris* are less affected by such environmental changes in comparison to other caste groups. In this paper, we could also associate the increased migration among the different caste/ethnic groups with the environmental changes in their places of origin.

From the discussion in this chapter, it is clear that there have been some significant changes in the position of some caste/ethnic groups over the years. But this change in the ranking seems to be determined by the various factors such as their origin (either rural or urban), their regional distribution, their migration and remittance sending behaviours. The results also indicated that the decade long conflict does not seem to intervene much for the well-being of the different caste/ethnic

groups. Similarly, Tiwari (2008:33) indicated at some improvement in ethnic issues after the formal end of armed conflict in Nepal. He claims that there have been some significant achievements since the Comprehensive Peace Accord (CPA) was signed in November 2006 and one of them was the increased recognition of the marginalised groups indicated by their representation in the new constituent assembly and election of Madhesi head of state.

However, the analysis brings out the conclusion that the relative position of most of the caste/ethnic groups did not change dramatically over the years. The groups like *Newars* and *Brahmins* remained far ahead in both the surveys in all the indicators while the Dalit groups such as *Damai*, *Kami* and *Sarki* remained as the lagged groups in both the surveys. The rural-urban differences and the regional differences also contributed to the continuing inequalities between different caste/ethnic groups. Further, the paper analysed that the little changes which occurred in the distribution is observed to be contributed by increasing trend of out-migration of the people from their place of origin and the amount of remittances they sent back to their families.

Chapter 5 : Conclusion

Socio-economic inequality, discrimination and social exclusion on various dimensions such as caste, ethnicity, religion, gender and region has remained as major challenges in the equitable development of Nepal. But, along with the social and political changes taking place in the country, this disparity is expected to decline over the time. In such a scenario, this paper tried to examine the changes in the pattern of inequalities, existing between the major caste/ethnic groups of Nepal in the fifteen years of time from 1995/96 to 2010/11. Although the selected time overlapped with that of Nepal's decade long armed Maoist conflict (from 1996 to 2006), the main focus of this paper is not analysing the causes of conflict as most of the previous literatures do. Rather it emphasised on the long term changes in inequalities between different caste/ethnic groups over the selected time period. By using the household survey data collected by the CBS in two rounds of living standard surveys- NLSS I and NLSS III, the paper tried to find out the changes in pattern of inequality in the major castes/ethnic groups of Nepal. The paper compared 'perception on adequacy of total income' along with other well-being indicators such as perception on adequacy of food consumption, education, health and human development for analysing the situation. The paper followed the comparative approach used by Cameron et al. (1998) and Blaikie et al. (2002) to analyse the long term changing patterns in households of caste/ethnic groups over the time.

Although the results do not show dramatic changes, the paper has tried to analyse the little but notable changes which occurred in the different caste/ethnic groups over the time. The findings indicate that over the period of fifteen years, some groups have improved their perception on adequacy of income, some have improved their food consumption, and some have significantly improved their education. Similarly, some groups have declined their landownership while others have improved it. For instance, *Gurungs* and *Yadavs* were observed to significantly improve their perception on adequacy of income, the *Sarkis* improved their education remarkably, and *Tharus* improved in the proportion of remittances receiving households. The *Gurungs* were found to significantly decline in the landowning pattern while the *Sarkis* and *Kamis* are found to improve to some extent in land ownership. These results indicated at some important changes taking place in the Nepalese society during that period. While analysing these changes, the data revealed migration and the remittances sent back by the migrant workers have a very significant role in bringing these changes in adequacy of income and consumption. The conflict and consequent joblessness, lack of opportunities also played an important role for bringing changes in land ownership among the different caste/ethnic groups. Similarly, the regional and geographical differences based on remoteness, poverty, deprivation; and comparative level of development in terms of infrastructure, communication, transportation might also have contributed to the changes in the groups.

The findings of the research do not show dramatic changes among the ethnic groups but some little changes which can be explained by the factors such as conflict during that time; migration and the remittances; and geographical and regional differences in the country. The changes in

the patterns of economic inequalities still indicate at the continuity of caste/ethnicity based inequalities in Nepal. In spite of the above mentioned changes, the relative position of the individual caste and ethnic groups do not seem to change greatly. For example, the situation of *Brahmin* and *Newars*, which was better in the first round of survey, remained almost similar in the new survey as well. Similar was the situation of the so called lower castes and disadvantaged castes and ethnic groups.

Similarly, a report by Central Department of Sociology/Anthropology (CDSA 2014) presented the multidimensional social inclusion index for 97 individual caste/ethnic groups and 11 broader social groups in Nepal. The report explored the inclusion/exclusion status of the different castes and ethnic groups in Nepal. This multidimensional analysis of the CDSA has also highlighted the similar findings regarding the inter-group inequality in Nepal. It states that “the distribution of index values among the broader social groups shows that *Hill Brahmins*, *Newars*, *Terai Brahman/chhetris* and *Hill chhetris* experience higher level of inclusion than the other groups. In contrast, *Madheshi Dalits* and *Hill Dalits* have low index scores in nearly all of the dimensions including the overall social inclusion index” (CDSA 2014:112) .

The analysis of this research enables to draw some important conclusions regarding the livelihood experiences of different caste/ethnic households during the fifteen years of time. The well-off groups such as *Newars* and *Brahmins* continued accumulating and improved across almost all variables with some indications of emerging health problems. The groups like *Yadavs* and *Tharus* improved their perception on income and consumption through the migration and remittances received from the migrant workers. Most of the poorer and disadvantaged groups such as *Sarkis* and *Kamis* tried to improve their livelihood through improved education and landownership supported by urbanisation and migration, but still remaining at the bottom of the socio-economic hierarchy.

While analysing the resource mobilisation by the groups, it seems that the wealthier caste/ethnic groups in 1995/96 managed to protect and maintain their position in ranking by mobilising their available resources despite of being targeted by the Maoists in the conflict period. Similarly, the previously poor groups also mobilised the resources gained through the improved education, migration and improved landownership and tried to improve their livelihood. As already mentioned in the introduction, the ethnic diversity in Nepal is a very complex with religious, regional, linguistic as well as cultural differences but this research tried to analyse ethnicity as conventional usage as an ethnic label to explore their changing patterns on household level. But, it is unable to explore the collective aspects of the resource mobilisation and its implication in generating conflict as discussed by Tilly. Thus, the multidimensional complexity of ethnicity including the collective behaviours and actions of the groups could be analysed by a multi-methodology researches in the future. Similarly, this research did not take into account the ‘intra-group inequality’ which is an important aspect of group-inequality. Therefore, it can also be considered as an important area of future research in the ethnic literature. This research only provides the empirical foundations that the civil war showed a very little impacts in between-group inequalities in Nepal.

These results lead to a conclusion that the conflicts may not have significant negative impact in the long term economic development of the country. In spite of intervening conflict, the lives of some caste and ethnic groups changed positively during this period. However, there is still continuity of caste/ethnicity based inequalities in Nepalese society which needs to be addressed for the development of the country. The policies and strategies formulated and implemented so far do not seem to be sufficient in including all the groups in the mainstream of development. The analysis came up with evidence stressing the strong need for including the so-called low caste ethnic groups which remained at the bottom of the distribution in both the NLSSs. The geographical and regional disparity observed during the study urges to focus on the rural and regional development in the country. The regional variation existing in Nepal should also be properly addressed through the policy initiative so as to reduce the group inequalities in Nepalese society.

References

- AFP RELAXNEWS (Last updated 2012) 'People Living Longer but Getting Sicker; Diseases that Once Only Affected the Rich, Now Affecting the Poor' (a webpage of Daily News). Accessed 15 September 2014 <<http://www.nydailynews.com/life-style/health/people-living-longer-sicker-prone-chronic-diseases-study-article-1.1079401>>.
- Aghion, P. and P. Bolton (1997) 'A Theory of Trickle-Down Growth and Development', *The review of economic studies* 64(2): 151-172.
- Alesina, A.F. (2012) *Ethnic Inequality: Alberto F. Alesina, Stelios Michalopoulos, Elias Papaioannou*. Vol. 18512. Cambridge, Mass: National Bureau of Economic Research.
- Alesina, A. and D. Rodrik (1994) 'Distributive Politics and Economic Growth', *The Quarterly Journal of Economics* 109(2): 465-490.
- Bhattarai, K.P. (Last updated n.d.) 'Armed Conflict and Migration: A Threat for Development and Peace A Case of Nepal'. Accessed 20 September 2014 <http://nepalresearch.org/publications/keshabprasad_bhattarai_2006_02.pdf>.
- Blaikie, P., J. Cameron and D. Seddon (2002) 'Understanding 20 Years of Change in West-Central Nepal: Continuity and Change in Lives and Ideas', *World Development* 30(7): 1255-1270.
- Bohra-Mishra, P. (2011) 'Migration and Remittances during the Period of Civil Conflict in Nepal'. (Degree of Doctor of Philosophy). The Faculty of Princeton University.
- Cameron, J., P. Blaikie and D. Seddon (1998) 'Patterns of Change in Western Nepal: Rural Households of the 1970s and 1980s Compared', *Himalaya, the Journal of the Association for Nepal and Himalayan Studies* 18(2): 15-21.
- CBS (2011) *National Population and Housing Census 2011(National Report)*. Vol. 01. Kathmandu: Central Bureau of Statistics.
- CBS (2011) 'Nepal Living Standards Survey 2010/11 (Statistical Report Volume One)'. Kathmandu: Central Bureau of Statistics, Government of Nepal.
- CDSA (2014) 'The Nepal Multidimensional Social Inclusion Index: Diversity and Agenda for Inclusive Development'. Kirtipur: Central Department of Sociology/Anthropology.
- Cederman, L.E., N.B. Weidmann and K.S. Gleditsch (2011) 'Horizontal Inequalities and Ethnonationalist Civil War: A Global Comparison', *American Political Science Review* 105(3): 478-495.
- Dahal, P. (2014) 'The Impact of Remittances on Economic Growth in Nepal: An Analysis of a Significant Basis of Development', *Asia Pacific Journal of Public Administration*: 1-22. DOI: 10.1080/23276665.2014.975908. To link to this article: <http://dx.doi.org/10.1080/23276665.2014.975908>

De Maio, F.G. (2007) 'Income Inequality Measures', *Journal of Epidemiology and Community Health* 61(10): 849-852.

Do, Q. and L. Iyer (2007) 'Poverty, Social Divisions, and Conflict in Nepal', pp. 1-40.

Dollar, D. and A. Kraay (2002) 'Growth is Good for the Poor', *Journal of Economic Growth* 7(3): 195-225.

Gammage, S. (Last updated 2007) 'El Salvador: Despite End to Civil Wars, Emigration Continues' (a webpage of Migration Policy Institute). Accessed 21 September 2014 <<http://www.migrationpolicy.org/article/el-salvador-despite-end-civil-war-emigration-continues>>.

Gil, J.M., A. Gracia and L.P.Y. Perez (1995) 'Food Consumption and Economic Development in the European Union', *European Review of Agricultural Economics* 22(3): 385-399.

GoN and UNDP (2013) 'Nepal Millennium Development Goals: Progress Report 2013'. Kathmandu: Government of Nepal and United Nations Country Team Nepal.

Government of Nepal (2011) 'Caste Based Discrimination and Untouchability (Offence and Punishment) Act, 2068 (2011)'.

Government of Nepal (2007) 'The Interim Constitution of Nepal 2063 (2007)'.

Hangen, S. (2007) 'Creating a "New Nepal": The Ethnic Dimensions', Policy Studies, No. 34. Washington: East-West Center.

Jayaraj, D. and S. Subramanian (2006) 'Horizontal and Vertical Inequality: Some Interconnections and Indicators', *Social Indicators Research* 75(1): 123-139.

Jonas, S. (Last updated 2013) 'Guatemalan Migration in Times of Civil War and Post-War Challenges' (a webpage of Migration Policy Institute). Accessed 24 September 2014 <<http://migrationpolicy.org/article/guatemalan-migration-times-civil-war-and-post-war-challenges>>.

Kuhn, P.M. and N.B. Weidmann (2013) 'Unequal We Fight: The Impact of Economic Inequality within Ethnic Groups on Conflict Initiation', March 18, pp1-34.

Langer, A. and F. Stewart (2013) 'Horizontal Inequalities and Violent Conflict: Conceptual and Empirical Linkages', No. 14, pp. 1-17. Belgium: Centre for Research on Peace and Development (CRPD).

Lawoti, M. (2008) 'Ethnicity, Inequality and Politics in Nepal', *Himalaya, the Journal of the Association for Nepal and Himalayan Studies* 28: 9-16.

Massey, D.S., W.G. Axinn and D.J. Ghimire (2010) 'Environmental Change and Out-Migration: Evidence from Nepal', *Population and Environment* 32: 109-136.

- Murshed, S.M. and S. Gates (2005) 'Spatial–Horizontal Inequality and the Maoist Insurgency in Nepal', *Review of Development Economics* 9(1): 121-134.
- Nepal, M. and A.K. Bohara (2009) 'Micro Level Estimation and Decomposition of Poverty and Inequality in Nepal', pp. 1-64.
- NPC (2013) *An Approach Paper to the Thirteenth Plan (FY 2013/14- 2015/16)*. Kathmandu: National Planning Commission.
- Ostby, G. (2008) 'Polarization, Horizontal Inequalities and Violent Civil Conflict', *Journal of Peace Research* 45(2): 143-162.
- Ostby, G. (2007) *Horizontal Inequalities, Political Environment, and Civil Conflict: Evidence from 55 Developing Countries, 1986-2003*. Vol. 4193. Washington: The World Bank, Development Research Group, Growth and Macroeconomics Team.
- Popkin, B. (1997) 'The Nutrition Transition and its Health Implications in Lower- Income Countries', *Public Health Nutrition* 1(1): 5-21.
- Pradhan, M. and M. Ravallion (1998) 'Measuring Poverty using Qualitative Perceptions of Welfare', Policy Research Working Paper 2011. Washington DC: The World Bank.
- Sharma, S. (Last updated 2009) 'Income Inequality in Nepal'. Accessed March 2 2014 <http://s3.amazonaws.com/zanran_storage/www2.undprcc.lk/ContentPages/48155351.pdf>.
- Stewart, F., G. Brown and L. Mancini (2005) 'Why Horizontal Inequalities Matter: Some Implication for Measurement', No. 19, pp. 1-30. UK: Queen Elizabeth House, University of Oxford.
- Stewart, F. (2002) 'Horizontal Inequality: A Neglected Dimension of Development', No. 81, pp. 1-40.
- Stewart, F., G. Brown and A. Langer (2007) 'Policies Towards Horizontal Inequalities', CRISE Working paper, No. 42, pp. 1-35. United Kingdom: University of Oxford.
- Thapa, A. (2011) 'Nepal Living Standard Survey: 25.16 Percent Nepalis below Poverty Line' *The Kathmandu Post*, Money. 2011 October 21.
- Tiwari, B.N. (2008) 'Horizontal Inequalities and Violent Conflict in Nepal', *Himalaya, the Journal of the Association for Nepal and Himalayan Studies* 28(1): 33-48.
- UNDP (2014) 'Nepal Human Development Report 2014'. Kathmandu: Government of Nepal and UNDP.
- UNDP (2009) 'Nepal Human Development Report 2009: State Transformation and Human Development'. Kathmandu: UNDP.

Williams, N. and M.S. Pradhan (2009) 'Political Conflicts and Migration: How has Violence and Political Instability Affected Migration Patterns in Nepal?' Population Studies Center, No. 09-677 University of Michigan.

Appendices

Appendix 1: Destinations of absentee population in NLSS III

Current place of living - district/foreign	Frequency of households	Percentage of households	Cumulative percentage
Taplejung	13	0.21	0.21
Panchthar	19	0.31	0.53
Ilam	20	0.33	0.86
Jhapa	66	1.09	1.94
Morang	77	1.27	3.21
Sunsari	100	1.65	4.86
Dhankuta	33	0.54	5.4
Terhathum	5	0.08	5.48
Sankhuwasabha	24	0.4	5.88
Bhojpur	28	0.46	6.34
Solukhumbu	19	0.31	6.65
Okhaldhunga	12	0.2	6.85
Khotang	7	0.12	6.96
Udayapur	19	0.31	7.28
Saptari	27	0.44	7.72
Siraha	31	0.51	8.23
Dhanusa	61	1	9.24
Mahottari	19	0.31	9.55
Sarlahi	13	0.21	9.76
Sindhuli	20	0.33	10.09
Ramechhap	29	0.48	10.57
Dolakha	11	0.18	10.75
Sindhupalchok	9	0.15	10.9
Kavre	21	0.35	11.24
Lalitpur	84	1.38	12.63
Bhaktapur	64	1.05	13.68
Kathmandu	1,154	19	32.68

Nuwakot	9	0.15	32.83
Rasuwa	3	0.05	32.88
Dhading	20	0.33	33.21
Makwanpur	39	0.64	33.85
Rautahat	22	0.36	34.21
Bara	23	0.38	34.59
Parsa	46	0.76	35.35
Chitawan	74	1.22	36.57
Gorkha	27	0.44	37.01
Lamjung	31	0.51	37.52
Tanahu	35	0.58	38.1
Syangja	24	0.4	38.49
Kaski	174	2.86	41.36
Manang	5	0.08	41.44
Mustang	2	0.03	41.47
Myagdi	14	0.23	41.7
Parbat	4	0.07	41.77
Baglung	30	0.49	42.26
Gulmi	11	0.18	42.44
Palpa	17	0.28	42.72
Nawalparasi	41	0.68	43.4
Rupandehi	94	1.55	44.95
Kapilbastu	28	0.46	45.41
Arghakhanchi	8	0.13	45.54
Pyuthan	16	0.26	45.8
Rolpa	38	0.63	46.43
Rukum	14	0.23	46.66
Salyan	20	0.33	46.99
Dang	55	0.91	47.89
Banke	45	0.74	48.63
Bardiya	28	0.46	49.09
Surkhet	71	1.17	50.26
Dailekh	11	0.18	50.44
Jajarkot	11	0.18	50.63

Jumla	6	0.1	50.72
Kalikot	2	0.03	50.76
Mugu	2	0.03	50.79
Humla	1	0.02	50.81
Bajura	11	0.18	50.99
Bajhang	11	0.18	51.17
Achham	13	0.21	51.38
Doti	26	0.43	51.81
Kailali	99	1.63	53.44
Kanchanpur	42	0.69	54.13
Dadeldhura	19	0.31	54.45
Baitadi	26	0.43	54.87
Darchula	21	0.35	55.22
India	1,229	20.23	75.45
Bhutan	1	0.02	75.47
China	10	0.16	75.63
Bangladesh	6	0.1	75.73
Hongkong	34	0.56	76.29
Malaysia	257	4.23	80.52
Japan	22	0.36	80.89
Saudi Arabia	241	3.97	84.85
Qatar	319	5.25	90.11
United Arab Emirates	104	1.71	91.82
United kingdom	86	1.42	93.23
United states of America	93	1.53	94.76
South Korea	14	0.23	95
Australia	57	0.94	95.93
Israel	14	0.23	96.16
Other country	230	3.79	99.95

Source: Author's computation based on NLSS III

Appendix 2: Decomposition of HDI values by caste/ethnicity

Caste /ethnicity	Health		Education						Income		HDI	
	Life expectancy		Adult literacy		Mean years of schooling		Combined educational Index		Per capita income (PPP \$)		Arithmetic mean	Geometric mean
	Value	Index	Value	Index	Value	Index of schooling	2:1 weightage	Geometric mean of adult literacy and mean years of schooling	Value	Index		
All Brahman/Chhetri	74	0.82	76.3	0.763	4.41	0.294	0.607	0.474	1,115	0.402	0.609	0.538
Hill Brahman	73	0.8	81.9	0.819	4.79	0.319	0.652	0.511	1,247	0.421	0.626	0.557
All Chhetri	70	0.76	72	0.72	4.13	0.275	0.572	0.445	1016	0.387	0.571	0.507
Tarai Brahman and Chhetri	74	0.82	82.1	0.82	4.63	0.309	0.65	0.503	937	0.373	0.614	0.536
Madhesi other castes (including Yadav)	72	0.79	53.9	0.539	3.83	0.255	0.445	0.371	732	0.332	0.522	0.46
All Dalit	67	0.7	52.3	0.523	3.42	0.228	0.425	0.345	755	0.338	0.488	0.434
Hill Dalit	66	0.68	61.9	0.619	3.46	0.231	0.49	0.378	805	0.348	0.505	0.446
Newar	72	0.79	80.1	0.801	4.75	0.317	0.639	0.504	1,522	0.454	0.627	0.565
Muslim	70	0.76	43.6	0.436	3.24	0.216	0.362	0.307	695	0.324	0.481	0.422
All Hill/Mountain groups	70	0.75	72.4	0.724	4.18	0.279	0.575	0.449	1,056	0.393	0.574	0.511
All Tarai/Madhesi groups	71	0.77	53.3	0.533	3.76	0.251	0.439	0.365	744	0.335	0.513	0.454
Tarai/Madhesi Dalits	70	0.76	34.6	0.346	3.35	0.223	0.305	0.278	616	0.304	0.455	0.4
Yadav	73	0.81	51.8	0.518	3.91	0.261	0.432	0.367	671	0.318	0.519	0.455
Thakali	70	0.74	73.9	0.739	4.15	0.277	0.585	0.452	1,561	0.459	0.595	0.536
Mountain Janajati excluding Thakali	69	0.74	63.4	0.634	3.78	0.252	0.507	0.4	1,115	0.402	0.55	0.492
Hill Janajati excluding Newar	70	0.75	69	0.69	4	0.267	0.549	0.429	842	0.356	0.552	0.486

Source: (Nepal Human Development Report, 2014)

Appendix 3: Classification of ethnic groups

Advanced Group (2)	Newar, Thakali
Disadvantaged Group (14)	Tangbe, TeengaunleThakali, BarahgaunleThakali, MarphaliThakali, Gurung, Magar, Rai, Limbu, Sherpa, Yakkha, Chhantyal, Jirel, Byansi, Yolmo
Marginalized Group (19)	Sunuwar, Tharu, Tamang, Bhujel, Kumal, Rajbanshi, Gangaai, Dhimal, Bhot ya, Pahari, Topkegola, Dolpo, Mugal, Larke, Lohpa, Dura, Walung
High Marginalized Group (12)	Majhi, Siyar, Lhomi (Shinsaba), Thundam, Dhanuk, Chepang, Santhal, Jhagad, Thami, Bote, Danuwar, Baramu
Endangered Group (9)	Kusunda, Bankariya, Raute, Surel, Hayu, Raji, Kisan, Lepcha, Meche, Kuswadiya

Source: NEFIN (<http://www.nefin.org.np/list/Classification/5/0/6>)

Scheduled Castes of Dalit Community

A) Hill Dalit

1. Gandharba (Gaine) 2. Pariyar (Damai, Dargee, Suchikar, Nagarchee, Dholee, Hudke)
3. Badi 4. Bishwokarma (Kami, Lohar, Sunar, Od, Chunanra, Parki, Tamata)
5. Mijar (Sarki, Charmakar, Bhool) 6. Poda (Deula, Pujari, Jalari)
7. Chyame (Kuchikar, Chyamkhal)

B) Terai Dalit

8. Kalar 9. Kakaihiya 10. Kori 11. Khatik 12. Khatwe (Mandal, Khang)
13. Chamar (Ram, Mochi, Harijan, Ravidas) 14. Chidimar 15. Dom (Marik)
16. Tatma (Tanti, Das) 17. Dushadh (Paswan, Hajara) 18. Dhobi (Rajak) Hindu
19. Pasi 20. Bantar 21. Mushar 22. Mestar (Halkhor)
23. Sarbhang (Sarbariya) 24. Natuwa 25. Dhandi 26. Dharikar/ Dhankar

Source: National Dalit Commission (<http://ndc.gov.np/site/cms/4>)