An Analysis of Poverty and Inequality among Indigenous Nationalities of Nepal

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Abstract: Indigenous nationalities are among the poor and deprived communities around the globe, and it follows the same pattern in Nepal, but the poverty level of each ethnic population within the broader category of indigenous nationalities are not homogenous. This paper has calculated and analyzed the poverty status of each ethnic community within indigenous nationalities. The study is based on the raw data of Nepal Social Inclusion Survey, Social Inclusion Atlas-Ethnographic Profile project conducted by the then Central Department of Sociology/Anthropology, Tribhuvan University, and Nepal Living Standard Survey – III. The study shows that the ten poorest groups have a poverty rate of more than double the national average whereas the ten affluent groups have poverty rate below the national average. The finding indicates the existence of strong inter-ethnic economic inequality. Thus, the benefits and opportunities to the indigenous nationalities should be prioritized based on the financial status of each ethnic community rather than considering them in a single homogenous basket.

Keywords: Indigenous Nationalities, Nepal, Poverty, Inequality, affirmative actions.

INTRODUCTION

Nepal is among the most diverse countries in the world, concerning ethnicity, culture, and language. There are 125 different caste/ethnic communities in with the total population of 26, 494, 504 (*National Population and Housing Census 2011 (National Report)*, 2012). The Government of Nepal (GoN) has recognized 59 ethnic communities as indigenous nationalities through an enactment of the National Foundation for Development of Indigenous Nationalities (NFDIN) Act, 2002. Indigenous nationalities comprise 36% of the total population as per the census report of 2011, but different indigenous peoples' claim for more than 36% of the population (Bhattachan, 2018). As indigenous nationalities constitute a significant proportion of the total population throughout the history of Nepal, but they have always been marginalized by the dominant groups, concerning political, economic, religious, traditional, and cultural opportunities (Bhattachan, 2013).

Although indigenous nationalities are marginalized in comparison with the other caste/ethnic communities from the state at various levels, the discrimination to all communities belonging to the indigenous nationalities is not homogenous. Historically, the levels of marginalization and perceptions were different for different indigenous communities. According to (Gurung, 2005) Newar, Magar, Gurung, and Sunuwar (*Hindunized*) were categorized under non-enslavable Alcohol-Drinkers (*Namasinya Matwali*) and were

allowed to be recruited in the Gorkha army. Whereas, Bhote, Chepang, Kumal, Hayu (*Animist*) and Tharu were categorized under Enslavable Alcohol Drinkers. Similarly, Tamang with 5.81% of the total population was not even allowed to recognize their identity until 1932 (*Tamangs under the shadow*, 1992). Limbu had control over some communal land (*Kipat*), and they were given the title Subba to run the local government (Pradhan and Shrestha, 2005). Thakali, Manangi, and Sherpa were given the privilege to be involved in the Trans-Himalayan trade while Gurung and Magar were allowed to be the part of Indian and British Armies.

This paper argues that the economic status of each group within the broader category of indigenous nationalities are different from each other. To support the arguments, the paper first considers the relevant national and international literature and present the relevance of the study and then analyze average per capita expenditure (APCE) to show the economic capability of each ethnic community. Secondly, it examines poverty and inequality status by calculating Headcount Index (p_0), Poverty Gap Index (p_1) and Squared Poverty Gap Index (p_2) of 40 ethnic communities belonging to the broader category of indigenous nationalities. Finally, the findings are summarized, and the conclusion is drawn.

LITERATURE REVIEW

The statement from the United Nations Working Group on Indigenous Populations states that Indigenous people worldwide are marginalized in every sphere of life (McNeish and Eversole, 2005). Indigenous nationalities are disadvantaged and the

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poorest in terms of income compared to their non-indigenous counterparts (Hall and Patrinos, 2010). Indigenous people and poverty have direct links, and the pattern persists in every nook and corner of the world (McNeish and Eversole, 2005). Psacharopoulos and Patrinos (1994) argued that Indigenous people have less schooling and are engaged in lower paying jobs with fewer opportunities if compared to non-indigenous people. Agostini, Brown, and Roman (2010) stated that on average the members of indigenous groups are more miserable than the non-indigenous population. Psacharopoulos and Patrinos (1994) suggested that the incidence of poverty among indigenous people is high compared to non-indigenous people. The living condition of indigenous people is miserable in comparison to non-indigenous people; being of indigenous origin is synonymous with being poor.

The indigenous nationalities of Nepal also follow the global pattern of exclusion. Indigenous nationalities comprise one-third of the total population which is a large population among those left out at the margins of the mainstream (Bhattachan, 2018). Pradhan and Shrestha (2005) stated that there are not only disparities in poverty and Human Development Index (HDI) but also by social identity based on caste, ethnicity, the region of origin, and gender. *Unequal Citizens, Gender, Caste, and Ethnic Exclusions in Nepal (Summary)* (2006) shows that the national poverty rate decreased from 42% to 31% from 1996 to 2004, Dalits almost kept up with this change, ending up with a 21% decrease in headcount poverty. For the Bahun/Chhetri group, poverty decreased by 46% whereas for Hill Janajatis was only 10%, and for Muslims, it was just 6%. Pradhan and Shrestha (2005) show that there is high variation within the indigenous nationalities. Gurung (2005) claims that the intra-group category should be the primary criteria for priority selection but lament on the unavailability of disaggregated data.

Bennett and Parajuli (2013) have developed a Multidimensional Exclusion Index (MEI) based on Alkire and Foster's (AF) method with the help of 2001 population census data. According to the analysis, among 103 different caste/ethnicities, 73 groups were analyzed individually, while the remaining 30 were grouped into ten different groups, based on, linguistic, cultural and geographic affinity, and examined in a group. The analysis covers 46 groups of indigenous nationalities, although all ethnic communities were not calculated individually they were analyzed in a group instead. The methodology is advance but it cannot be compared with the national level of poverty as the method of calculating poverty indices is different to the method applied by the government of Nepal. Moreover, 2001 census data is too old as there is already availability of data from 2011 census. Similarly, 2001 census data has incorporated only 46 indigenous nationalities.

Subba *et al*. (2014) analyzed the poverty status based on raw data of NLSS III, but the sample size of each ethnic communities was not the same therefore it cannot be generalized. Additionally, the study analyzed the status of the individual ethnic community of a few groups, as well while other communities were categorized, although, the categorized groups were not homogenous. It shows the limitation of the study to present expected disaggregated analysis of individual ethnic groups from NLSS - III data. Thus, the result derived from such analysis cannot be generalized. Nepal Federation of Indigenous Nationalities (NEFIN) developed and disseminated its classification of 59 ethnic communities into five clusters, based on indicators like literacy rate, housing, land holding, occupation, language loss, education level (graduate and above), and population size, in 2004. The categorization was unanimously endorsed by a meeting of the NEFIN Federation Council on March 1, 2004 (*Adivashi Janajati Sambandhi Bebestha (Arrangement relating to Indigenous Nationalities)*, 2010). But different ethnic communities do not agree with the classification and the basis of classification itself.

METHODOLOGY

The study is based on the raw data of Nepal Social Inclusion Survey (NSIS) conducted by Social Inclusion Atlas-Ethnographic Profile (SIA-EP) project of the then Central Department of Sociology/Anthropology, Tribhuvan University and raw data of Nepal Living Standard Survey (NLSS III), conducted by Central Bureau of Statistics (CBS). The permission for further use of both the data sources obtained from respective authorities. Similarly, various publications of national and international journals, relevant thesis, working papers, and relevant case studies are reviewed and incorporated into the study.

The research is based on the data with a sample size of 152 households for each ethnic community of indigenous nationalities, but the sample size for two ethnic communities; Raute and Kuswadiya are only 73 and 51 households, respectively. The data is analyzed

with the help of statistical software. The incidence of poverty was calculated by sepov command considering its weight and the adjusted poverty line. The poverty line was adjusted based on National Consumer Price Index (CPI) published by Nepal Rastra Bank. CPI measures changes in the price level of consumer goods and services purchased by the consumer. It is a statistical estimate constructed by collecting the prices of the sample of representative items periodically.

AVERAGE PER CAPITA EXPENDITURE (APCE)

The entire annual household expenditure for both food and non-food expenditure, for each family, is divided by its respective household size to derive the per capita expenditure of each family. The per capita expenditure for all households of specific ethnic community is added and divided by its respective number of households to get the average per capita expenditure of each ethnicity. The output of a study shows that the average per capita expenditure varies remarkably within different groups of indigenous nationalities and it is shown in Graph **1**.

Graph **1** shows that the Walung has the highest average per capita expenditure (APCE) with the US $961.52 followed by Thakali, Sherpa, Bhote, and Newar with $934.02, $923.66, $626.49, and $626.34, respectively. Kuswadiya has the lowest APCE with $150.09 followed by Chepang, Raute, Kisan and Raji with $167.65, $169.63, $194.48, and $214.63, respectively.
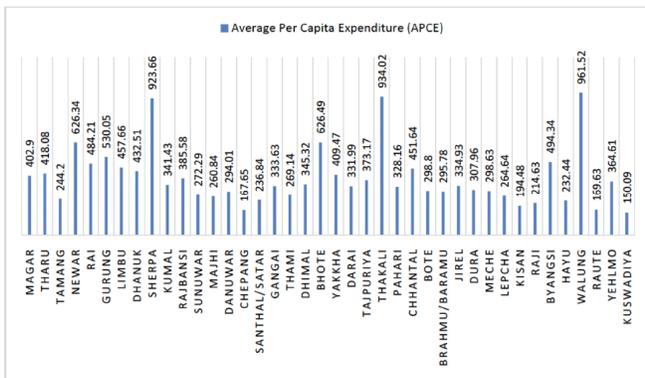
Graph 1: Average Per Capita (APCE) of 40 ethnic communities.

Headcount Index (p_0)

The headcount index (p_0) measures the proportion of the poor population. It is the proportion of the population whose economic status is less than the poverty line. It is a widely used measure and often denoted by p_0. It calculates as follows:
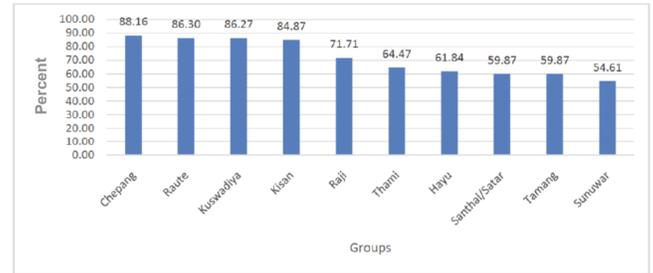
$$P_0 = \frac{N_p}{N}$$

Where,

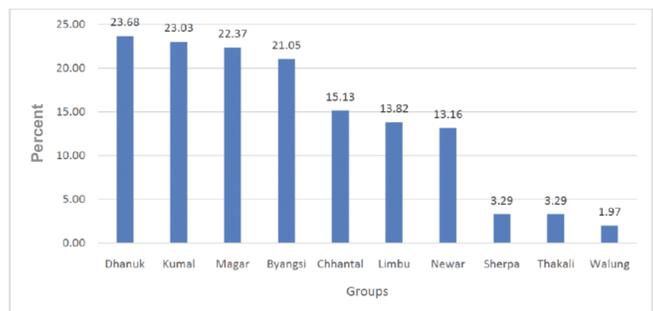p_0= Head Count Index

N_p = Number of poor

N= Total population (or sample).

Source: (Haughton and Khandker, 2009)

Graph 2: Headcount index of ten poorest ethnic communities.

Graph **2** shows the ten most impoverished ethnic communities within the broader category of indigenous nationalities. Chepang is the most impoverished group with 88.16% of its population living under poverty. Chepang is extremely under poverty trap by more than three folds of national poverty rate of 25.16%. Chepang is followed by Raute, Kuswadiya, Kisan Raji, Thami, Hayu Santhal/Satar, Tamang and Sunwar with 86.30 %, 86.27%, 84.87%, 71.71%, 64.47%, 61.84%, 59.87%, 59.87% and 54.61% of its population living under poverty respectively. The poverty level of all groups that lies on the top ten poorest groups has a poverty level of more than double compared to the national poverty level which is 25.16%.

Graph 3: Headcount Index of ten affluent ethnic communities.

Graph **3** shows the ten affluent ethnic communities within the broader category of indigenous nationalities. Walung is the most affluent ethnic community with only 1.97% of its population under poverty. Walung is

closely followed by Thakali and Sherpa with a poverty level of 3.29% each. Dhanu is the least affluent ethnic community among top ten affluent ethnic communities with 23.68% of its population under poverty. Dhanuk is further followed by Kumal, Magar, Byangsi, Chhantal, Limbu and Newar with a poverty rate of 23.03 %, 22.37%, 21.05%, 15.13%, 13.82%, and 13.16% respectively. The entire ten affluent groups have a lower poverty rate compared to the national poverty level.

Poverty Gap Index (p1)

Poverty gap index (p_1) measures the extent to which individuals fall below the poverty line as a proportion of the poverty line. It is a measure of the intensity of poverty. It is a moderately popular measure of poverty, which adds up the extent to which individuals on average fall below the poverty line, and expresses it as a percentage of the poverty line.

It is calculated as below:
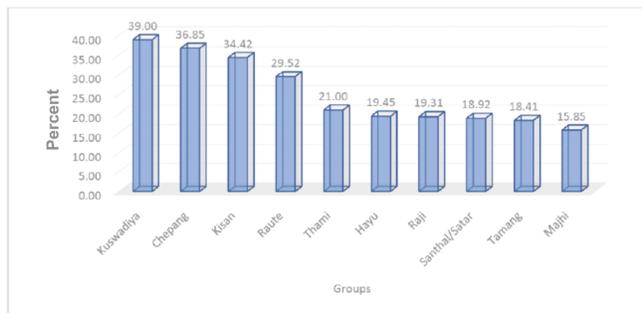
$$P_1 = \frac{1}{N} \sum_{i=1}^{N} \frac{G_i}{z}$$

Where,
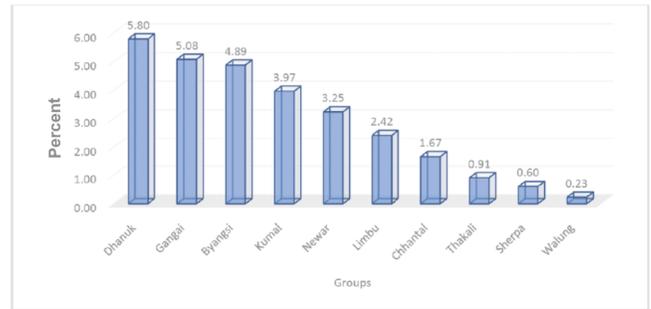
G_i=Poverty Gap

z=Poverty

lineyi=actual income

Source: (Haughton and Khandker, 2009)

Graph 4: Ten ethnic communities with the highest poverty gap index.

Graph **4** shows the ten ethnic communities, which belongs to the broader category of indigenous nationalities, with highest poverty gap index (p1). The poverty gap index of Kuswadiya is highest with 39%, which is very high as compared to the national level of 5.43%. The poverty gap index of Thami, Hayu, Raji and Tamang is similar with 21%, 19.45%, 19.31%, and 18.41% respectively. Similarly, Majhi has the lowest

poverty gap index at 15.85%, but it is also three folds to the national average.

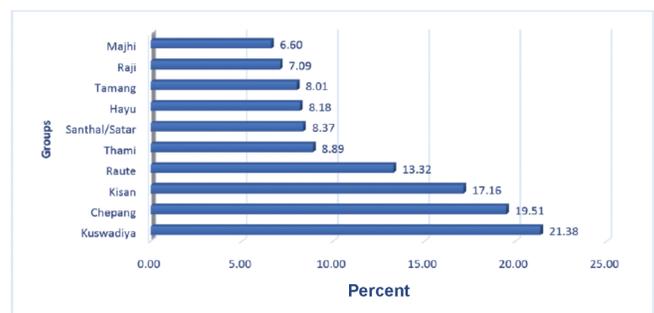**Graph 5:** Ten ethnic communities with the lowest poverty gap index.

Graph **5** shows the ten ethnic communities with the lowest poverty gap index (p1). Walung has the lowest poverty gap index at 0.23%, which is far below the national average of 5.43%. Walung is followed closely by Sherpa and Thakali with 0.6 % and 0.91 % respectively. Dhanuk has poverty gap index of 5.8% which is slightly above national average. On comparing with the national level, groups except Dhanuk has lower poverty gap index than the national average.

Squared Poverty Gap Index (p2)

The squared poverty gap index is also known as the poverty severity index. It averages the squares of the poverty gaps relative to the poverty line. It is one of the Foster-Greer-Thorbecke (FGT) classes of poverty measures that allow one to vary the amount of weight that one puts on the income (or expenditure) level of the poorest members of society. It calculates as below:

$$P_2 = \frac{1}{N} \sum_{i=1}^{N} \left(\frac{G_i}{z} \right)^2$$
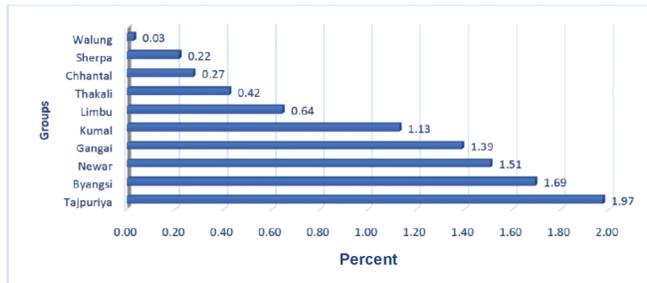
Source: (Haughton and Khandker, 2009)

Graph 6: Ten ethnic communities with the highest squared poverty gap index.

Graph **6** shows the highest squared poverty Gap Index (p2) of ten ethnic communities belonging to

indigenous nationalities. The squared poverty gap index of Kuswadiya is 21.38%, which is more than ten times to the national average of 1.81%. Kuswadiya is closely followed by Chepang and Kisan with 19.51% and 17.16 % respectively. Majhi has 6.60% of the squared poverty gap index, which is the lowest among the top 10, but it is also more than three folds to the national average.

Graph 7: Ten ethnic communities with the lowest squared poverty gap index.

Graph **7** shows the lowest squared poverty gap index (p2) of ten ethnic communities belonging to indigenous nationalities. Walung has 0.03% of squared poverty index, which is far below to national average of 1.81%. Walung is closely followed by Sherpa, Chhantal, Thakali, and Limbu with 0.22%, 0.27%, 0.42%, and 0.64% respectively. Tajpuriya has the highest squared poverty gap index among the ten lowest squared poverty gap index with 1.97%, but still, it is below the national average. Tajpuriya is followed by Byangsi, Newar, Gangai, and Kumal with 1.69%, 1.51%, 1.31%, and 1.13% respectively.

Overall Analysis

There is a high difference between the highest and lowest value of average per capita expenditure. The expenditure capacity of different ethnic communities varies widely, which depicts that some communities are having a miserable life whereas others are having a comfortable living being in the same category of indigenous nationalities. The headcount index varies remarkably where Chepang, Raute, and Kuswadiya have more than 80% of its population living below the poverty line whereas Walung, Thakali, and Sherpa have poverty level less than only 4%. Similarly, ten affluent groups have poverty below the national poverty level, whereas ten poorest groups have poverty level twice the national level. When looking at the poverty gap index, the lowest 10, except Dhanuk, has poverty gap index below the national average of 5.43% whereas the highest 10 has poverty gap index of more than two folds. Similarly, there is high variation in

squared poverty gap index among the ten highest and ten lowest squared poverty gap index of each ethnicity. In comparison with the national average, the top ten highest squared poverty gap index groups have more than three folds squared poverty gap index, whereas ten least squared poverty gap index groups have less than national squared poverty gap index, except for Tajpuriya.

The calculated value of Average Per Capita Expenditure (APCE in US $), Headcount Index (p0), Poverty Gap Index (p1), Squared Poverty Gap Index (p2) of entire 40 different ethnic communities among 59 ethnic communities that belong to the broader category of indigenous nationalities are presented in Table **1**.

CONCLUSION

The economic status of indigenous nationalities is not homogenous to each other instead varies distinctly. The poverty status of few groups within indigenous nationalities are very well-off, even compare to dominant groups and national average, whereas the majority of groups of indigenous nationalities are worse off. The poverty level of 30 indigenous nationalities is below the national poverty line where Chepang, Raute, and Kuswadiya are the most deprived groups. It shows that these groups have severe poverty level as compared to national average poverty. There are other groups within indigenous nationalities like Walung, Thakali, Sherpa, and Newar whose level of poverty is far below the national poverty level. It demonstrates that the issues of indigenous nationalities should be dealt at the individual ethnicity level rather than considering entire indigenous nationalities as a homogenous group.

Thus, equal treatment to all groups within indigenous nationalities may not be justifiable, rather fair treatment is required. The equitable treatment is possible only if each ethnic community within the category of indigenous nationalities are treated based on the level of historical disadvantage and current economic status. Some groups within indigenous nationalities have a single disadvantage like caste/ethnicity discrimination whereas some groups have more than one disadvantages like caste/ethnicity discrimination, bias due to lack of economic opportunities, perception due to lack of political representation and literacy status. Now, it is essential to share the benefits and privileges to promote each ethnic group within the indigenous nationalities based

Table 1:   Poverty and Inequality Status of 40 Ethnic Communities

S/no	Ethnic community name	Sample Size	Average HH Size	APCE ($)	Headcount Index (p0)	Poverty Gap Index (p1)	Squared Poverty Gap Index (p2)
National Average					25.16	5.43	1.81
1	Magar	152	5.97	402.90	22.37	6.71	2.45
2	Tharu	152	6.16	418.08	40.13	10.24	3.86
3	Tamang	152	6.14	244.20	59.87	18.41	8.01
4	Newar	152	5.74	626.34	13.16	3.25	1.51
5	Rai	152	5.09	484.21	25.66	6.97	2.56
6	Gurung	152	5.94	530.05	25.66	6.70	2.91
7	Limbu	152	5.85	457.66	13.82	2.42	0.64
8	Dhanuk	152	6.40	432.51	23.68	5.80	1.99
9	Sherpa	152	4.70	923.66	3.29	0.60	0.22
10	Kumal	152	5.61	341.43	23.03	3.97	1.13
11	Rajbansi	152	5.20	385.58	37.50	9.17	3.02
12	Sunuwar	152	5.30	272.29	54.61	12.44	4.25
13	Majhi	152	6.06	260.84	53.29	15.85	6.60
14	Danuwar	152	6.17	294.01	50.00	13.62	4.66
15	Chepang	152	6.13	167.65	88.16	36.85	19.51
16	Santhal/Satar	152	5.62	236.84	59.87	18.92	8.37
17	Gangai	152	5.17	333.63	28.29	5.08	1.39
18	Thami	152	5.47	269.14	64.47	21.00	8.89
19	Dhimal	152	5.02	345.32	31.58	8.17	3.00
20	Bhote	152	5.16	626.49	44.74	12.97	5.36
21	Yakkha	152	5.48	409.47	41.45	11.43	4.49
22	Darai	152	6.03	331.99	40.13	8.29	2.64
23	Tajpuriya	152	4.92	373.17	30.26	5.98	1.97
24	Thakali	152	4.74	934.02	3.29	0.91	0.42
25	Pahari	152	5.28	328.16	36.84	9.59	3.42
26	Chhantal	152	5.49	451.64	15.13	1.67	0.27
27	Bote	152	4.93	298.80	46.05	14.50	6.45
28	Brahmu/Baramu	152	5.97	295.78	40.79	8.24	2.44
29	Jirel	152	4.99	334.93	48.68	14.48	6.33
30	Dura	152	7.17	307.96	41.45	12.78	5.62
31	Meche	152	5.44	298.63	51.97	15.10	6.13
32	Lepcha	152	4.82	264.64	50.66	14.14	5.62
33	Kisan	152	4.89	194.48	84.87	34.42	17.16
34	Raji	152	5.63	214.63	71.71	19.31	7.09
35	Byangsi	152	5.77	494.34	21.05	4.89	1.69
36	Hayu	152	6.95	232.44	61.84	19.45	8.18
37	Walung	152	5.29	961.52	1.97	0.23	0.03
38	Raute	73	5.05	169.63	86.30	29.52	13.32
39	Yehlmo	152	5.50	364.61	42.11	11.89	4.94
40	Kuswadiya	51	5.29	150.09	86.27	39.00	21.38

on their existing individual socio-economic status and historical marginalization. The ethnic communities having a higher number of disadvantages should be given higher priority for equitable development and promotion of indigenous nationalities at the broader sense. Most importantly, the inclusion policy of both government and a non-government agency should also regard the individual socio-economic status of each ethnicity rather than considering a single basket.

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