A COMPARATIVE STUDY ON HOUSEHOLD INCOME OF SOLUKHUMBU, KATHMANDU, AND CHITWAN OF NEPAL

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Abstract

Household incomes means the total income generated by family members from the different sources. Household income determines the economic status of family. So, the main objective of this study was to do comparative study of household income of these three districts selected from different geography. The study had selected three geographical regions: Solukhumbu from mountain, Kathmandu from hill, Chitwan district from terai/plain region. The districts were selected based on the Small Area Estimation – calculating the poverty variability keeping the max poverty rate and min poverty rate. Total 880 households were drowned from the selected villages by using the simple random sampling. The highest mean household income was in Kathmandu, then in Chitwan while least was in Solukhumbhu. There are a lot of opportunity in Kathmandu compared to Chitwan and Solukhumbu which might be cause to increase the household income. Local government of Solukhumbu can do the feasibility study on tourism sectors and based on that study, they can develop the tourism plan to increase the household income of community people. Such feasibility study can be done in both Kathmandu and Chitwan district also which contribute to increase the income sources of rural people.

Keyword: Chitwan, Comparative study, household income, Kathmandu, Solukhumbu

1. **Introduction**

Nepal is one of the developing and landlocked country in the world. It has wide variety of culture, religion, and ethnic group of individuals. The total area of Nepal is approximately 147,181 Sq. Km. The average length and width are 885 Km and 193 Km. Nepal is divided in three ecological parts viz. Mountain, Hills and Terai. Mountain region consists about 24% of country's total area, hilly region covers 56% and Terai consists 20% of country's total area. There are 77 districts and 7 provinces. - Nepalese society has composite form of Aryan and Mongolian from the beginning. The average household size of Nepal is 4.5 (4.1 in urban and 4.7 in rural). Nearly half (47.3%) of the household heads are in the age group 30 to 49 years and 27.9 percent households are headed by female members (Central Bureau of Statistics, 2016).

The rural economy of Nepal is excessively dependent upon agriculture and remittance now a day. It is the main occupation, source of income and major means of the supply of basic needs. Most of the agriculture sector is primitive and rain fed. A small portion of the total household own major share of farming assets and majority is either landless or near landless family. The concentration of land in few hands in hilly area has manifested unequal in ownership of the principle productive assets and in turn, unequal income distribution. In nominal term, the bottom 80 percent of income (Central Bureau of Statistics, 2012). Poudel reported that small industries in Terai, remittance in the Middle hills and services in the Inner Terai is found to be the largest alternative sources of off-farm income (Poudel, 2017).

Nepal is regarded as agricultural country. About 66% of people are engaged in agriculture. Most of the people depends on agriculture for their living and income. About one third of GDP of the country is from agriculture. Most of the farmer in village yield crop along with raising livestock. This has become their source of income or trading method to fulfill their basic needs (Paudel, 2016). Weather and climate of Nepal varies in different region, so different crops could be possible. Rice, maize, barley, buckwheat, millet are the major food crops in Nepal. Cash crops include potato, tobacco, sugarcane, oilseeds, cotton and others. Moreover, Nepal is also famous for tea, cardamom, zinger, and turmeric. Raising livestock also provide income to the farmer in various ways. They sell livestock products or even the animals for cash. Meat, milk, cheese, ghee, egg, poultry etc. are the main source of income of farmers. Mountain people also raise yak, sheep, cow, goat in order to have milk, chhurpi, wools and others. Most of the rural areas raise livestock for their basic needs. They help to plough their field for their crops, their dung is useful for land. But these days where transportation is available, they are trading cheese, ghee and other products unlike very far remote areas (FAO, 2015). Besides this, foreign employment and remittance is another major source of income of Nepal in current time. Almost one person from each house is out of Nepal for different purpose. Due to geographical region also affects the source of income. The study had selected three geographical regions: Solukhumbu from mountain, Kathmandu from hill, Chitwan district from terai/plain region. The districts were selected based on the Small Area Estimation – calculating the poverty variability keeping the max poverty rate and min poverty rate. The main objective of this study was to do comparative study of household income of these three districts selected from different geography.

2. **Materials & Methods**

The study was based on the quantitative design. It is a cross-sectional study because researcher visited one time with structured survey questionnaire to collect the data. Total 880 households were drowned from the selected villages by using the simple random sampling. Number of households from each district was determined by using the relation of proportional allocation method. The collected data from Survey research was input, edited, tabulated in CSPro, STATA and Excel.

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3. Result & Discussion

3.1 Mean household income by district

Income helps in expenditure. It helps people to have materials and help to live quality of life. Without proper income, people cannot live. Researcher asked different set of questionnaires to respondents to know about household income in many villages. Table1 shows the mean household income of each district. It was seen that mean household income was Rs. 290,431. Moreover, the most household income in those districts was salary and wage (Rs. 102,895) while least was through trade (Rs. 4,238).

Table1: Mean household income by district

Household income	Solukhumbu	Kathmandu	Chitwan	Total
				Rs.
Salary and wage	77,495	119,811	115,654	**102,895**
Agriculture	61,071	20,462	22,291	**36,401**
Rent	53	13,571	13,430	**8,329**
Trade	54,833	55,290	49,050	**54,262**
Interest and commission	37	8,435	1,447	**4,238**
Pension	11,664	7,843	5,195	**8,958**
Remittance	8,413	78,536	76,055	**51,105**
Other	31,242	18,910	23,075	**24,242**
Total income	**244,809**	**322,858**	**306,197**	**290,431**

Source: Field Survey: 2019

It can be interpreted from table that total mean income of three districts was Rs, 290,431. Moreover, Kathmandu had highest mean household income (Rs. 322,858) followed by Chitwan (Rs. 306,197) and Solukhumbhu (Rs. 244,809). In addition, salaries and wage was the most earned income in each district. Salaries and wages income were most in Kathmandu (Rs. 119,811) followed by Chitwan (Rs. 115,654) and Solukhumbhu (Rs. 77,495). Whereas, in Kathmandu, the second most household mean income was remittance (Rs. 78,536) followed by trade (Rs. 55,290), agriculture (Rs. 20,462), rent (Rs. 13,571), internet and commission (Rs. 8,435), pension (Rs. 7,843) and others (Rs. 31,242). Similarly, in Chitwan, second most household mean income was remittance (Rs. 76,055) followed by trade (Rs. 49,050), agriculture (Rs. 22,291), rent (Rs. 13,430), pension (Rs. 5,195), internet and commission (Rs.

1,447) and other (Rs. 23,075). Precisely, in Solukhumbhu, second most mean household income was agriculture (61,071) followed by trade (54,833), pension (Rs. 11,664), remittance (Rs. 8,413), rent (Rs. 53), internet and commission (Rs. 37) and others (Rs. 31,242).

Income is the most important thing for living quality of life. People want more salaries and wages. After salaries and wages, they went for other household income. Household income didn't only depend on one individual in villages but also depended on other members of household. People want high salaries and wages than other household income. Due to foreign employment, most of the people earn through remittance. Trade and agriculture were also good source of income due to increase in means of transportation. People had got market to their product. Moreover, people also invested in various trading material to earn income.

3.2 Summary statistics of household income sources

Income source is very much important for any household. Income of any household help to increase their level of consumption, ensure better health facilities, nutrition, education and other facilities. It also helps them to live better and quality life. Table 2 shows the income sources of household in the studied areas. It was seen that maximum source of income of the household was salary and wages (Rs. 102,895 on average) while least was the interest and commission (Rs. 4,238 on average).

Table2: Summary statistics of household income sources

Household income	Obs.	Mean (Rs.)	Std. Dev.	Min	Max
Salary and wage	880	102,895	123,953	0	588,000
Agriculture	880	36,401	73,912	0	480,000
Rent	880	8,329	41,274	0	425,000
Trade	880	54,262	104,530	0	600,000
Interest and commission	880	4,238	33,650	0	600,000
Pension	880	8,958	38,023	0	300,000
Remittance	880	51,105	151,200	0	650,000
Other	880	24,242	69,223	0	500,000
Total income	**880**	**290,431**	**165,955**	**24,000**	**872,000**

Source: Field Survey: 2019

It was seen that the total average income of the household was Rs. 290,431 with standard deviation of Rs. 165,955. Moreover, salary and wage were the highest source of income in rural household was with mean Rs. 102,895 and standard deviation of Rs. 123,953. The maximum salary and wage were Rs. 588,000. Similarly, second highest source of income was trade with average earning of Rs. 54,262 and standard deviation of Rs. 104,530. Here maximum earning income was Rs. 600,000. Moreover, remittance was the third highest income (Rs. 51,105 on average) source of the household in rural areas with highest standard deviation (Rs. 151,200) among other income sources. Maximum earning income was Rs. 650,000 for remittance. In addition, agriculture was fourth highest source of income (Rs. 36,401 on average) in those districts with standard deviation of Rs. 73,912 and maximum earning was Rs. 480,000. However, other sources of income were low. On average pension (Rs. 8,958), rent (Rs. 8,329), interest and commission (Rs. 4,238) and others were successive on the list in terms of earning. The least standard deviation was obtained for interest and commission (Rs. 33,650).

Most of the people in many villages depended on their salary and wages. They felt that this was more secure form of earning than other source. Trade was also one of the growing sectors of income source in most of the village. Working-age people went for foreign employment. Thus, this has contributed in remittance of the place. With time, increase in foreign employment had greater role in living standard of people. Though, people in rural areas involved in agriculture, but due to lack of advanced agricultural tools and breeds, their income was below par. Small population group were depended on their pension. It was also known that people prefer to have government job instead of other as they thought that it secures their future. With increase in trade and other form of employment in villages, it was the mark of the development.

Ram Krishna Ghimire, 38, from Chitwan, said, "I work in industry and they provide me salary which has helped us to live basic life. I cannot take risk and I don't have enough land for the agriculture, so it was obvious to work in industry. So, salary is secure and only source of income in our house."

3.3 Summary statistics on the share of household income

Table 3 provides the statistical summary on the share of household income in the villages. It shows that maximum share of income was through salary and wages (37.1%) in villages with standard deviation of 40.9. Whilst, interest and commission (1.9%) were the lowest source of income in those villages with standard deviation of 10.5.

Table3: Summary statistics on the share of household income

Share of income	Obs.	Percentage	Std. Dev.	Min	Max
Salary and wage	880	37.1	40.9	0	100
Agriculture	880	15.6	30.2	0	100
Rent	880	2.7	12.9	0	100
Trade	880	18.4	34.0	0	100
Interest and commission	880	1.9	10.5	0	100
Pension	880	5.3	19.0	0	100
Remittance	880	9.0	25.9	0	100
Other	880	10.0	25.7	0	100

Source: Field Survey: 2019

Table shows that maximum percentage of household depended on their salary and wage (37.1%) as their main source of income. This was followed by trade (18.4%), agriculture (15.6%), remittance (9.0%), pension (5.3%), rent (2.7%), interest and commission (1.9%) and others in most of the rural villages as their source of income. With view to standard deviation, maximum deviation was for salary and wage (40.9) followed by trade (34.0), agriculture (30.2), remittance (25.9), pension (19.0), rent (12.9), interest and commission (10.5) and other (25.7).

Most of the people in rural areas lack employment opportunity and infrastructures. They don't have enough manpower due to increase in foreign employment. So, people want to have secure living standard. So, first they preferred to have job which provides basic salary and wage to them. It is long lasting and they didn't have to go for another job. They were thus enrolled in various industries, schools, and others that provided them salary and wage. An increase in rural development such as having transportation, communication, etc. provided them to have trade among the various place. There was an increase in trade in most of the village. They could have a market at different places for their production which had increased their confidence level in production. Though agriculture rate has decreased over the year due to foreign employment and lack of manpower, but still the people depended on agriculture for income.

4. Conclusion & Recommendation

The highest mean household income was in Kathmandu, then in Chitwan while least was in Solukhumbhu. There are a lot of opportunity in Kathmandu compared to Chitwan and Solukhumbu which might be cause to increase the household income. There is more opportunity to increase the household income by promoting the rural tourism in mountain region (Solukhumbu) because of the more natural beauty, typical cultural practices and herbal production. Local government of Solukhumbu can do the feasibility study on tourism sectors and based on that study, they can develop the tourism plan to increase the household income of community people. Such feasibility study can be done in both Kathmandu and Chitwan district also which contribute to increase the income sources of rural people.

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