

The views expressed in this paper are those of the author and do not necessarily reflect the views or policies of the Asian Development Bank. The Asian Development Bank does not guarantee the accuracy of the data presented.

Understanding Rural Poverty in Nepal

DEVENDRA CHHETRY

Abstract

Low performance of the agricultural sector, high population growth, large proportion of young people, and mass illiteracy are the major socioeconomic causes of poverty in rural Nepal. Regional disparities in poverty are immense, implying that different regions call for different poverty reduction plans. At the micro level, a significant proportion of households in the large farm category is in the grip of poverty, implying that land redistribution is not an appropriate strategy for reducing rural poverty. Moreover, low productivity of land and large households with more children and fewer literate persons are major disadvantages to the poor as compared to the nonpoor. The past 15 years of economic reform seem to have made very little contribution toward income generation among the rural households.

Devendra Chhetry is a statistics professor at the Tribhuvan University in Nepal. This paper is to be delivered at the **Asia and Pacific Forum on Poverty: Reforming Policies and Institutions for Poverty Reduction**, to be held at the Asian Development Bank, Manila, 5-9 February 2001.