

ROLE OF SOCIAL INCLUSION ON ECONOMIC DEVELOPMENT AND POVERTY REDUCTION IN NEPAL

Presentation by

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1. Introduction

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- **Research Questions** of the study are as follows:
 - a. Is it possible to reduce poverty by social exclusion in economic development process?
 - b. What are the main guided factors for social inclusion in various government policy levels?

1. Introduction

- **Objectives** of the study are as follows:
 - a. To examine the **distribution of social inclusion index and other social dimension indices between major caste/ethnic groups in Nepal.**
 - b. To evaluate the relative measures of poverty in major caste/ethnic groups during the last two-decade periods.
 - c. To estimate the economic growth of Nepal.
 - d. To suggest the government for policy formulation and implementation of social inclusion and sustainable economic development in Nepal.

1. Introduction

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Why social inclusion is essential?

- Ethical considerations of equity and fairness, the growth must be shared and should be inclusive across different segments of populations and regions.
- Economic and other shocks hurt the poor and the vulnerable most, and growth that results in high disparity is unacceptable.
- inequalities within a country may endanger

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1. Introduction

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social peace, force poor and unemployed people into criminal activities.

- Unstable makes women more vulnerable to prostitution, force children into undesirable labor, and further weaken other disadvantaged and vulnerable sections of population—resulting in a **waste of vast human capital** that could otherwise be used

1. Introduction

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productively in creating economic outputs for sustainable growth.

- ❑ Continued inequalities in outcomes and access to opportunities in a country may result in civil unrest and violent backlash from people who are continually deprived, derailing a **sustainable growth process.**

1. Introduction

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- This may create **political unrest and disrupt the social fabric and national integration**, undermining the potential for long-term, sustained growth.
- To **reduce poverty and disparity** in society and helps to economic development.

2. Methodology

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□ Basic Sources of Data

- a. Secondary data- Nepal Living Standard Surveys (CBS-HMG and Government of Nepal: 1996, 2004 and 2011), Economy Surveys (GoN: 2012-2015).
- b. Secondary data – Nepal Social Inclusion Survey -2012, Nepal Multidimensional Social Inclusion Index-2014 (Central Department of Sociology and Anthropology, Tribhuvan University).

2. Methodology

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- Tools and Techniques:
 - a. Graphical approach
 - b. Statistical tools approach : Mean (Arithmetic), Standard Deviation, coefficient of variation, correlation coefficient, Gini-coefficient, t-test, multiple regression analysis etc.
have been used in the analysis.

3. Social Inclusion Status

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- According to latest census (2011) there are 126 caste /ethnic groups and 102 spoken languages are in Nepal



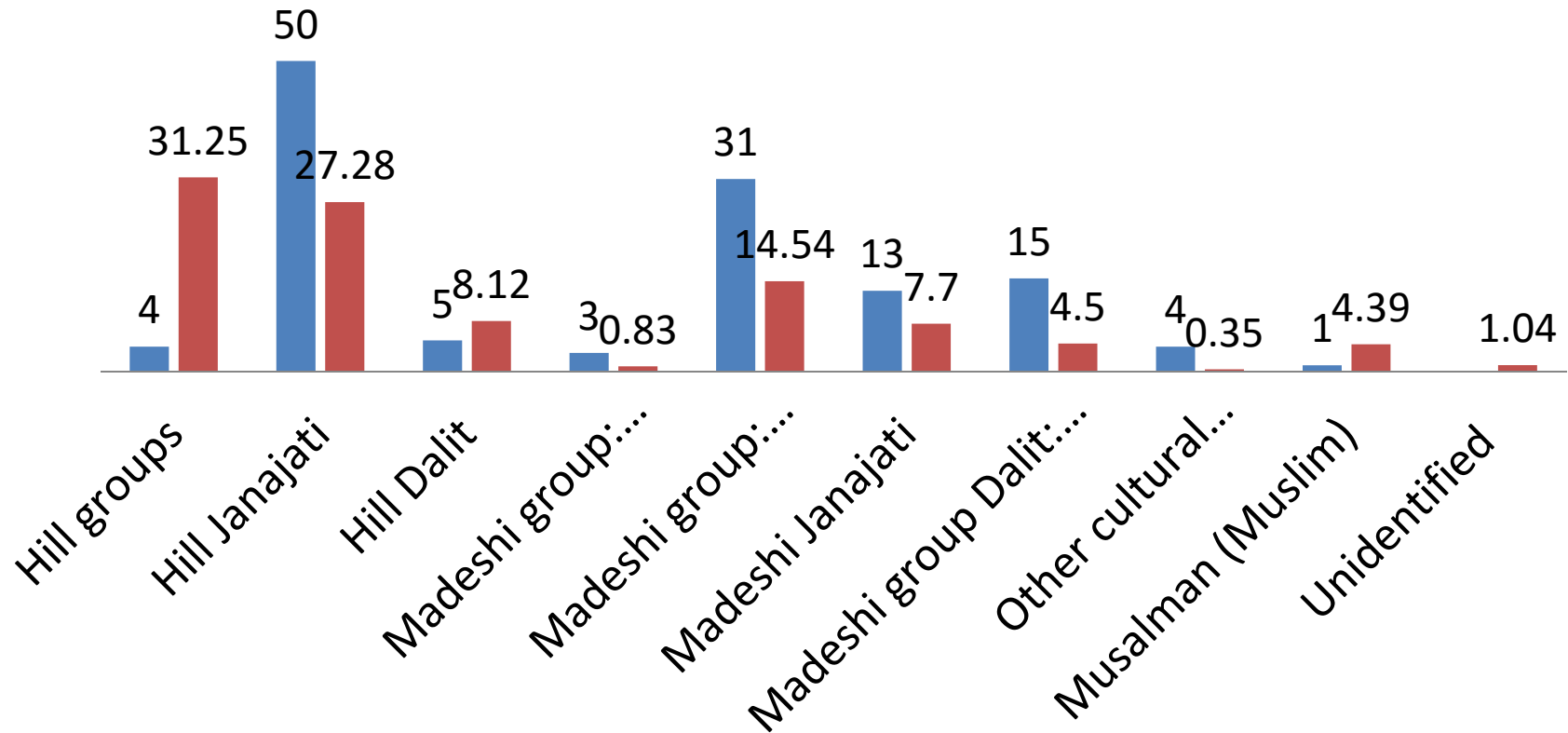
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3. Social Inclusion Status

Caste/Ethnic Groups in Nepal (Census-2011)

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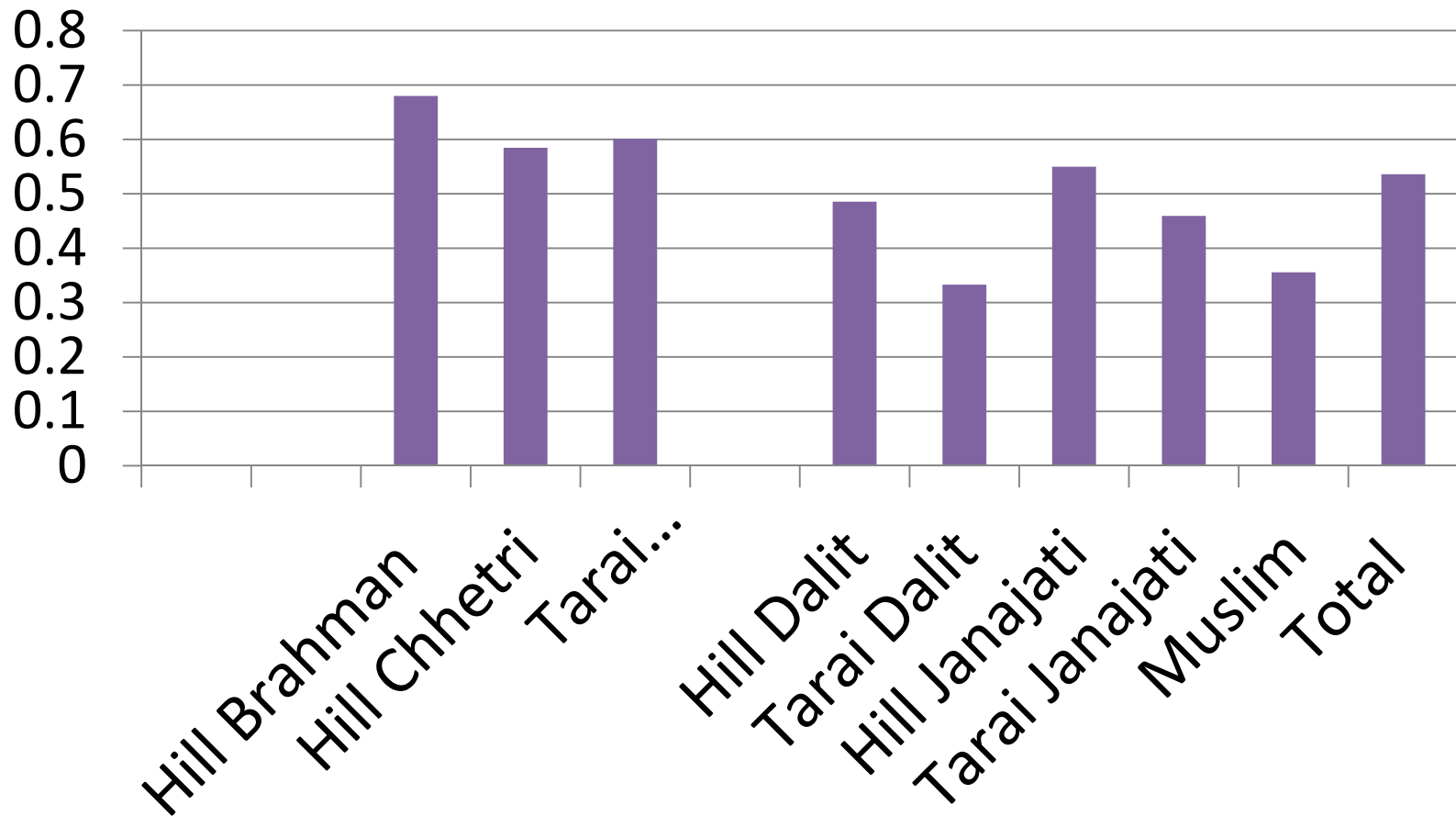
■ Number of ethnic/ caste groups ■ Percentage of total population



3. Social Inclusion Status

Social Dimension Index

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3. Social Inclusion Status

- **Social Dimension Index:** it includes the combination of Health Index and Education Index. Educational domain includes adult literacy rate, net enrolment , basic schooling completion rate; while health domain corporates health service affordability, child survival, household access to safe drinking water and household access to modern toilet facilities.

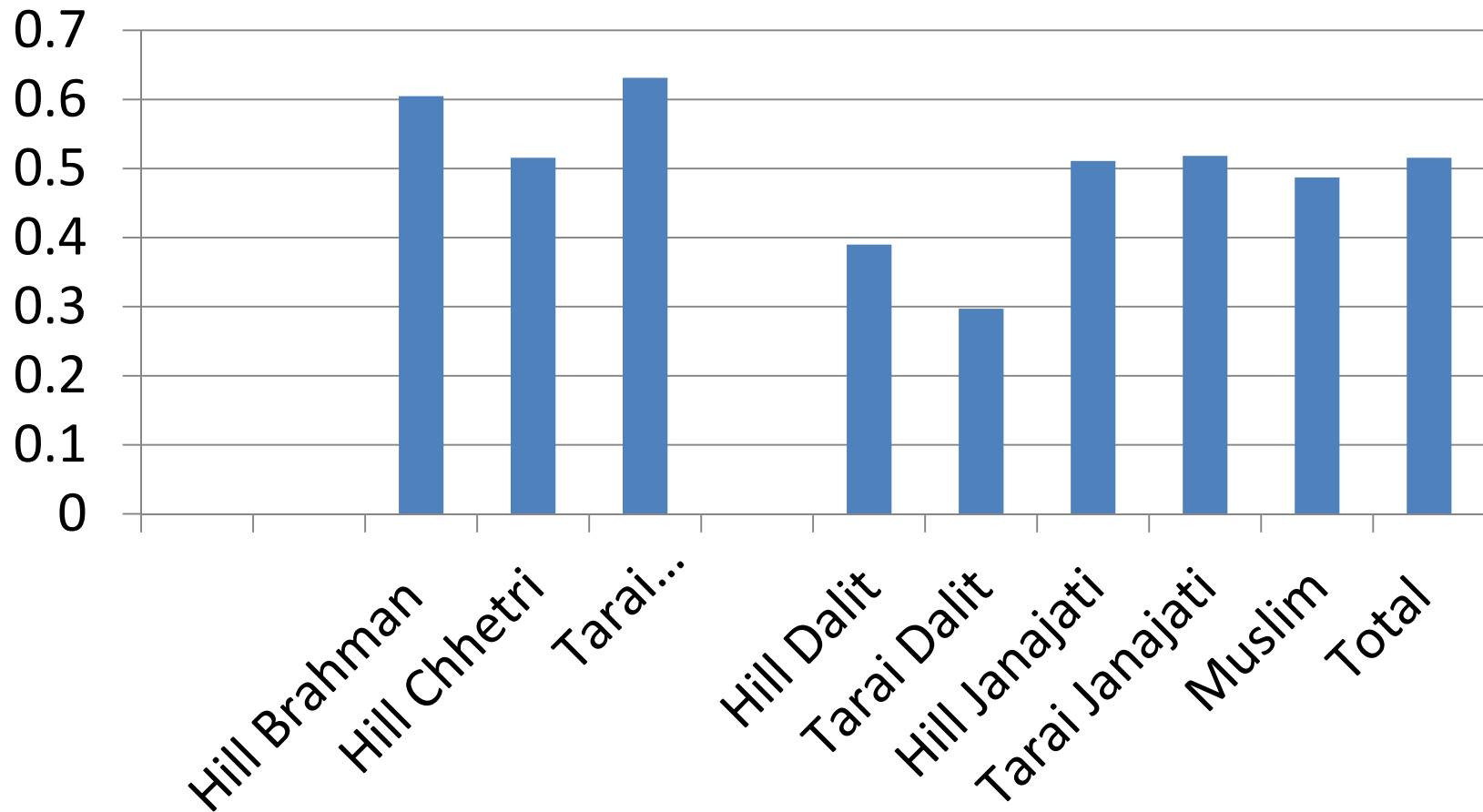
3. Social Inclusion Status

- **Economic Dimension Index:** It comprises the access to economic opportunity, non-poverty and standard of living. Economic access includes the average land holding and non-agriculture employment : non-poverty measures are: food expenditure, food sufficiency status, and employment in an elementary occupation while the sub-domain of standard of living is evaluated of four indicators: type of house, use of cooking flue, access to living condition in terms of number of bed rooms in the family home.

3. Social Inclusion Status

Economic Dimension Index

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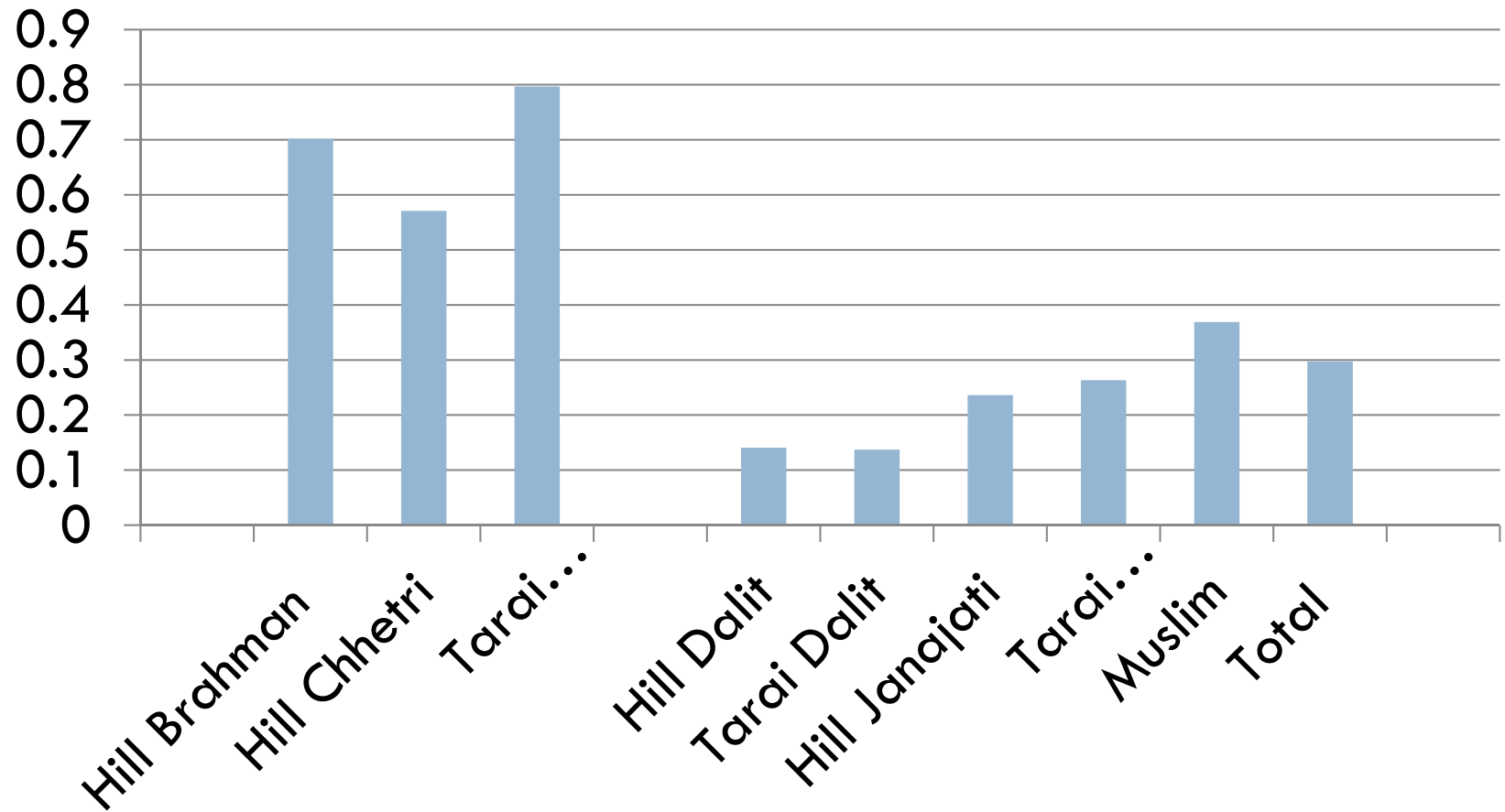
3. Social Inclusion Status

- **Political Dimension Index** : Under political dimension we include representative of voice and agency of civil society and political representative of the parties.
- **Cultural Dimension Index** : it was computed from the three domains: language index, recognition of religion index and customary governance index.

3. Social Inclusion Status

Political Dimension Index

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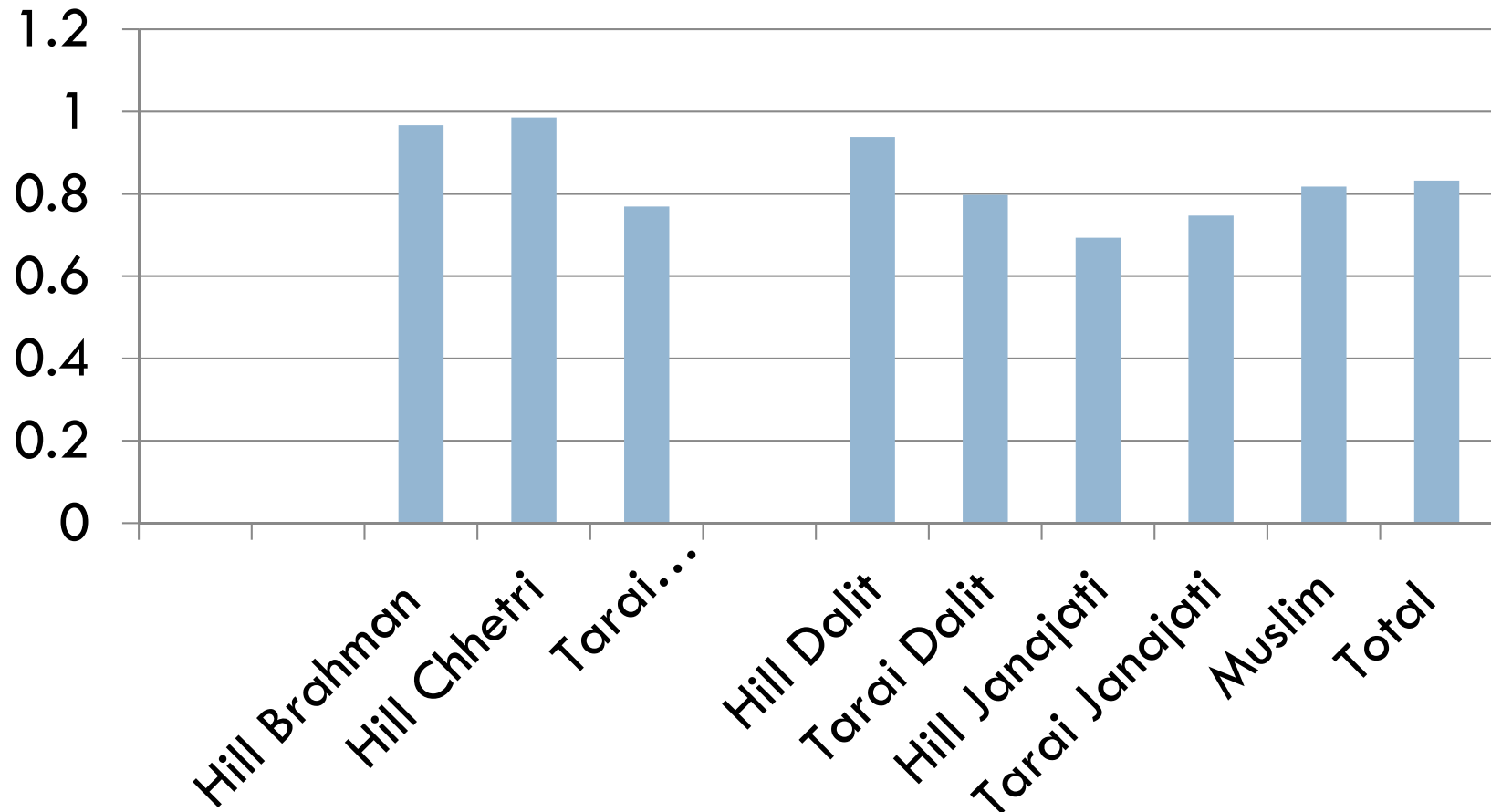


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3. Social Inclusion Status

Cultural Dimension Index

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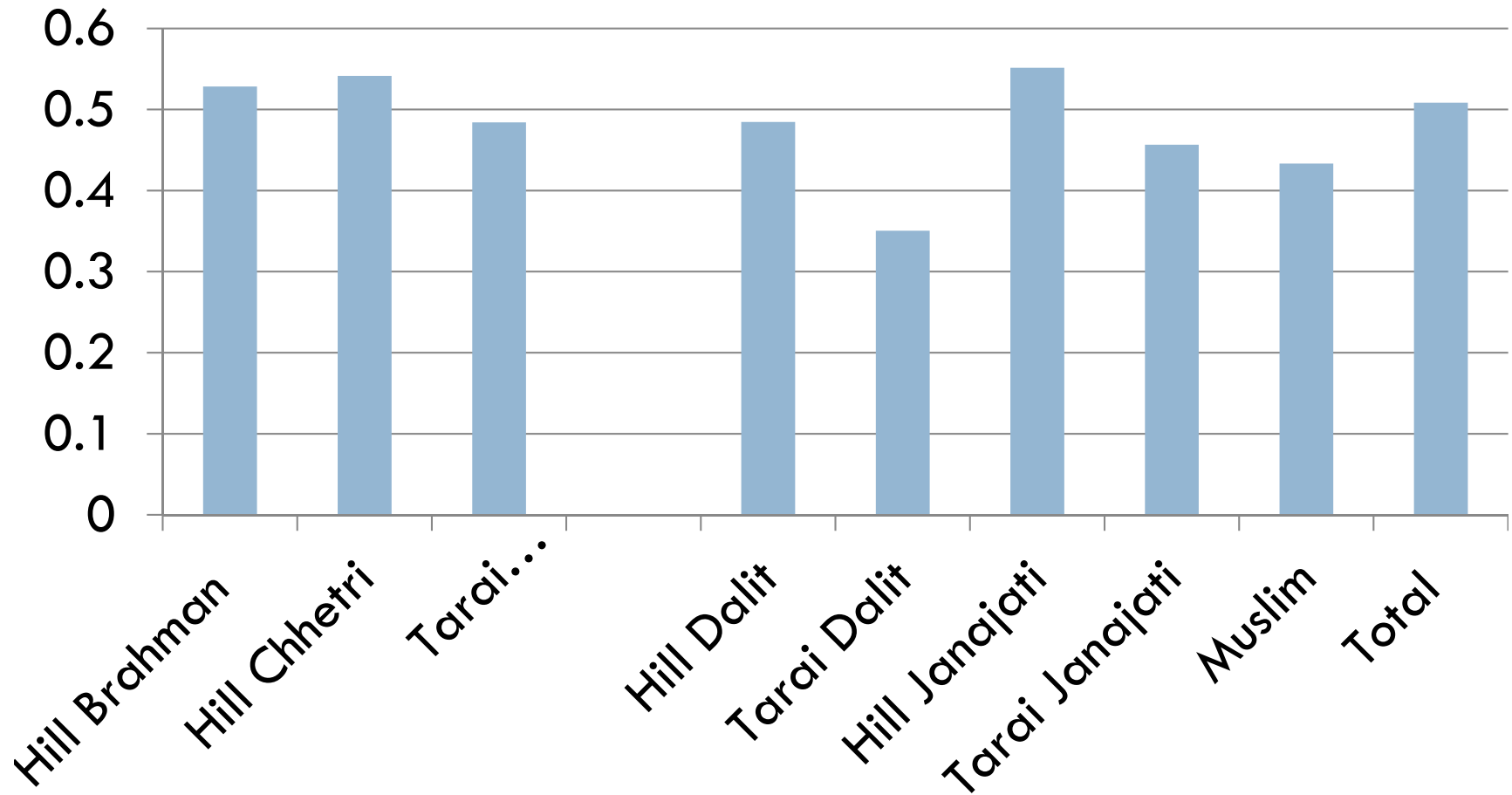


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3. Social Inclusion Status

Gender Dimension Index

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3. Social Inclusion Status

- **Gender Dimension Index** : gender dimension index is a composite index on the basis of gender non-violence Index, access to social services index, economic autonomy index and political participation index and decision making index. Non-violence index is a composite of the non-violence against women index, the control over the decision to marry index, and the control over reproductive decision Index.

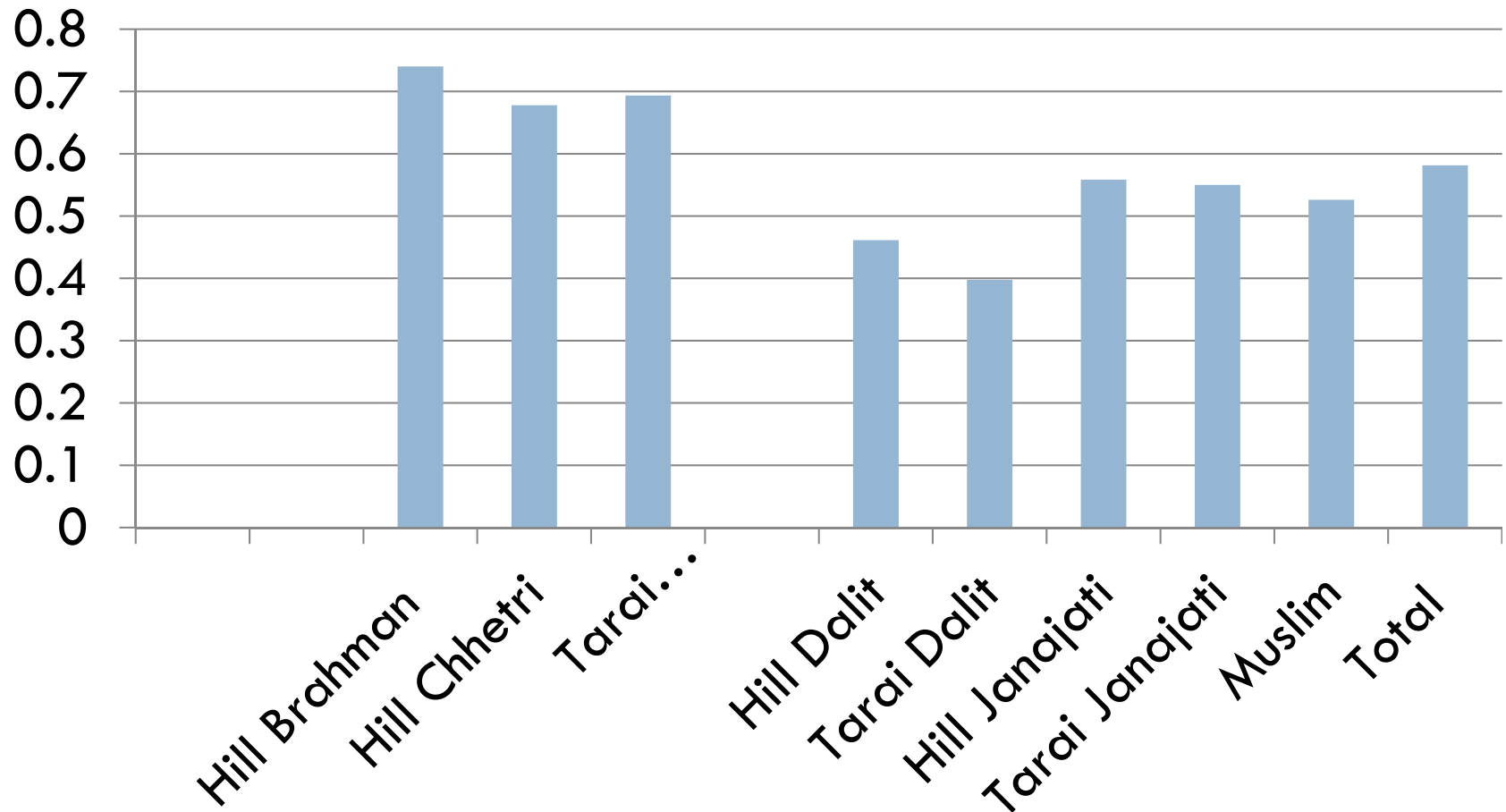
3. Social Inclusion Status

- **Social Inclusion Index** is a composite index obtained by different dimension index viz social dimension index, economic dimension index, political dimension index, cultural dimension index, gender dimension index.
- The Gini Coefficient of the distribution of Social Inclusion Indices in between main caste/ethnic groups was computed 0.1091 i. e., 10.91 percent, is a very small and showing a less inequality.

3. Social Inclusion Status

Social Inclusion Index

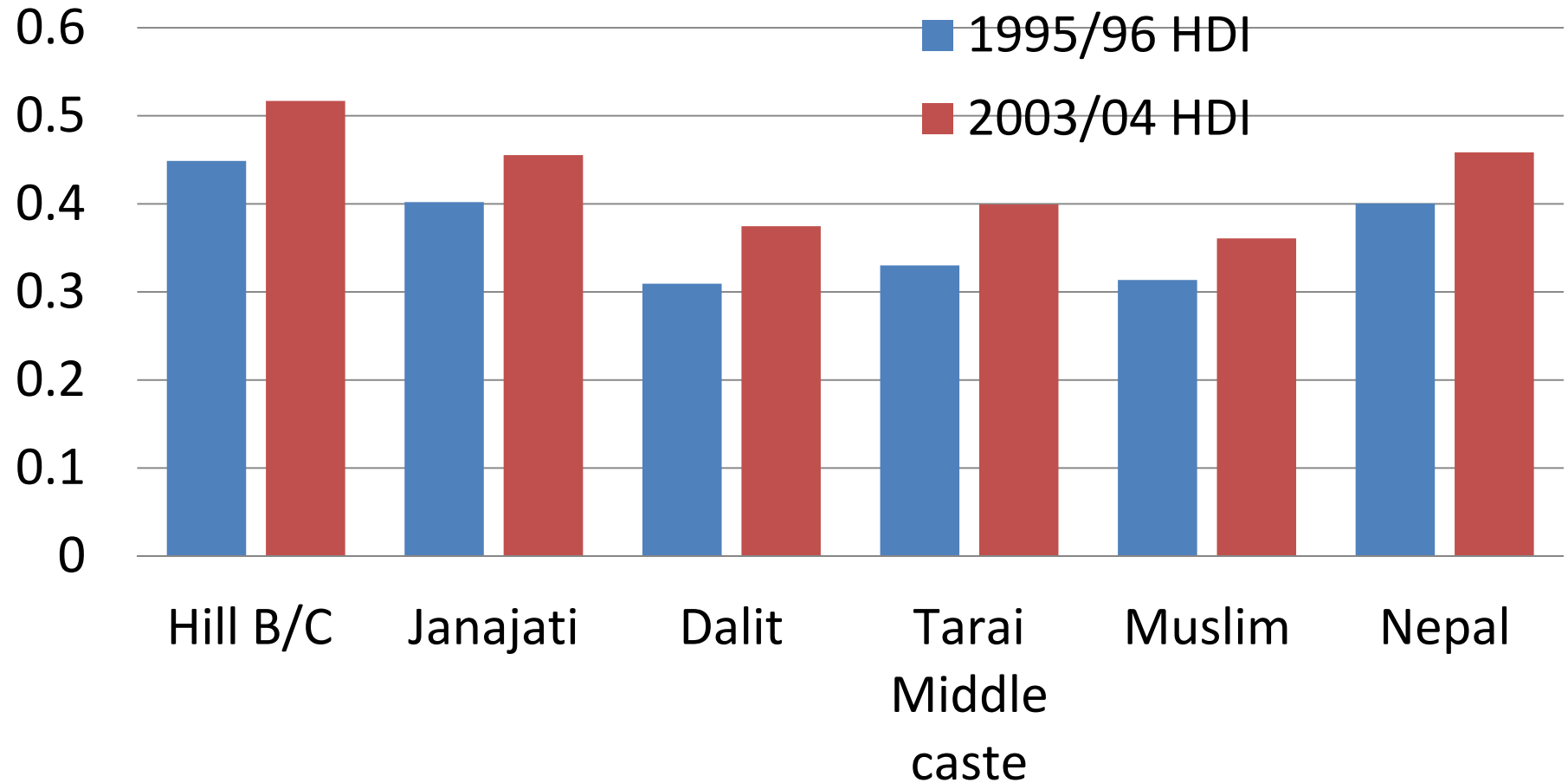
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4. Poverty Status

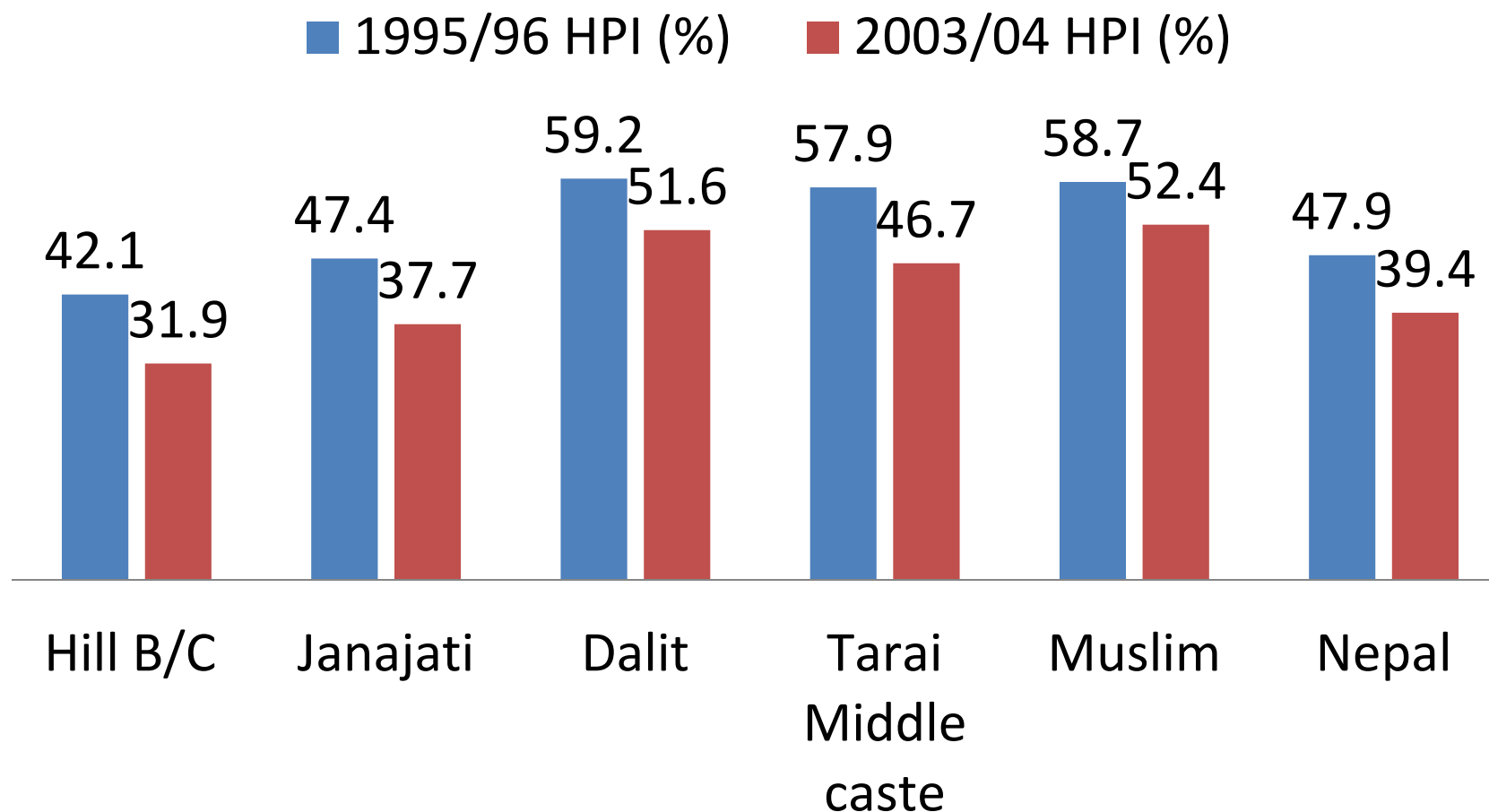
Human Development Index



4. Poverty Status

Human Poverty Index in 1995/96 and 2003/04

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4. Human Poverty Status

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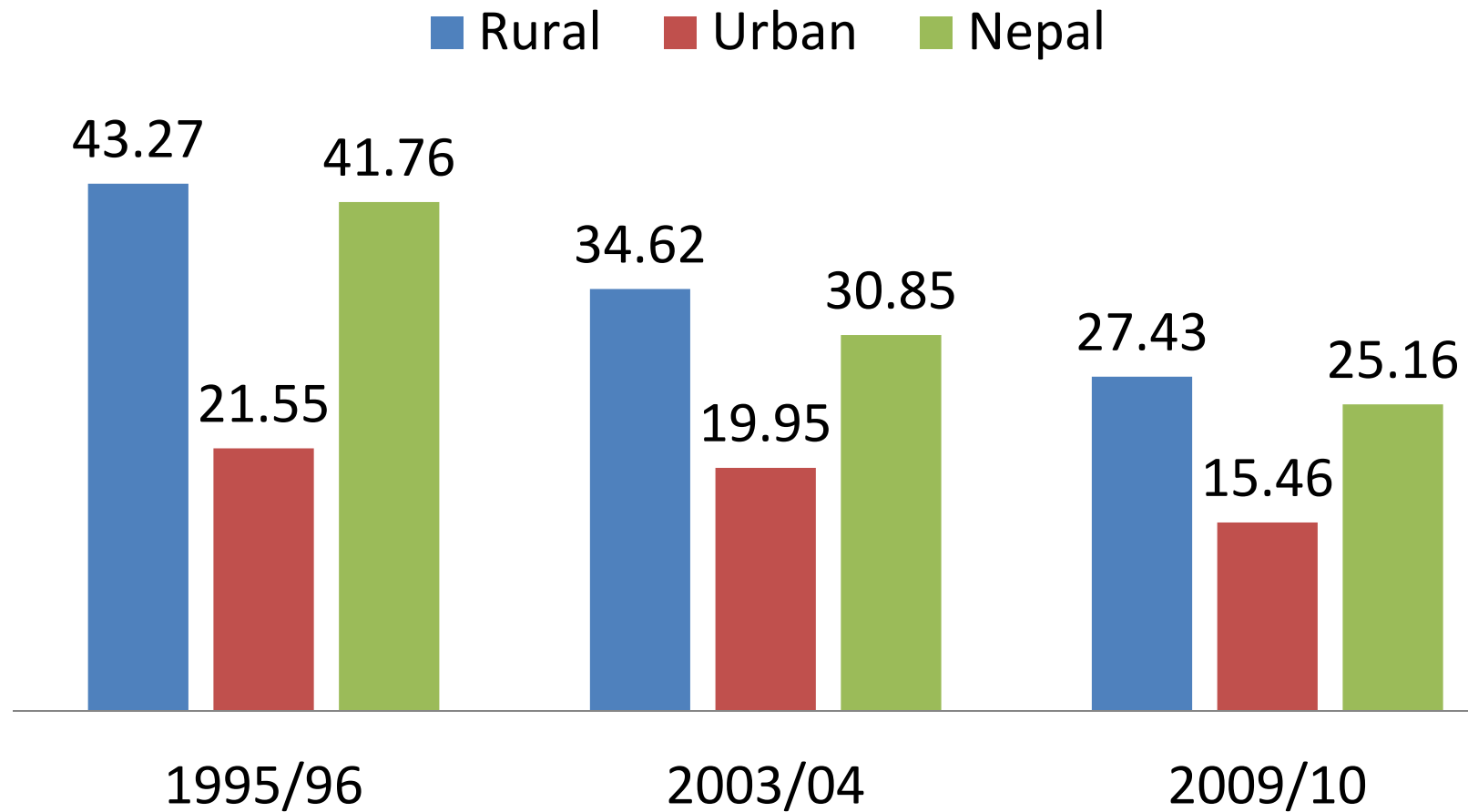
| Fiscal year | Mean (%) | Standard Deviation | Paired differences | | | Correlation, t-test and level of significance | |
|----------------|----------|--------------------|--------------------|------|------------|-----------------------------------------------|--------------|
| | | | Mean | S.D. | Std. error | | |
| HPI in 1995/96 | 53 | 7.82 | 9 | 2 | 0.89 | r=0.98, | t-test=10.06 |
| HPI in 2003/04 | 44 | 8.96 | | | | p=0.003 | p=0.001 |

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4. Poverty Status

Poverty Head Count Index

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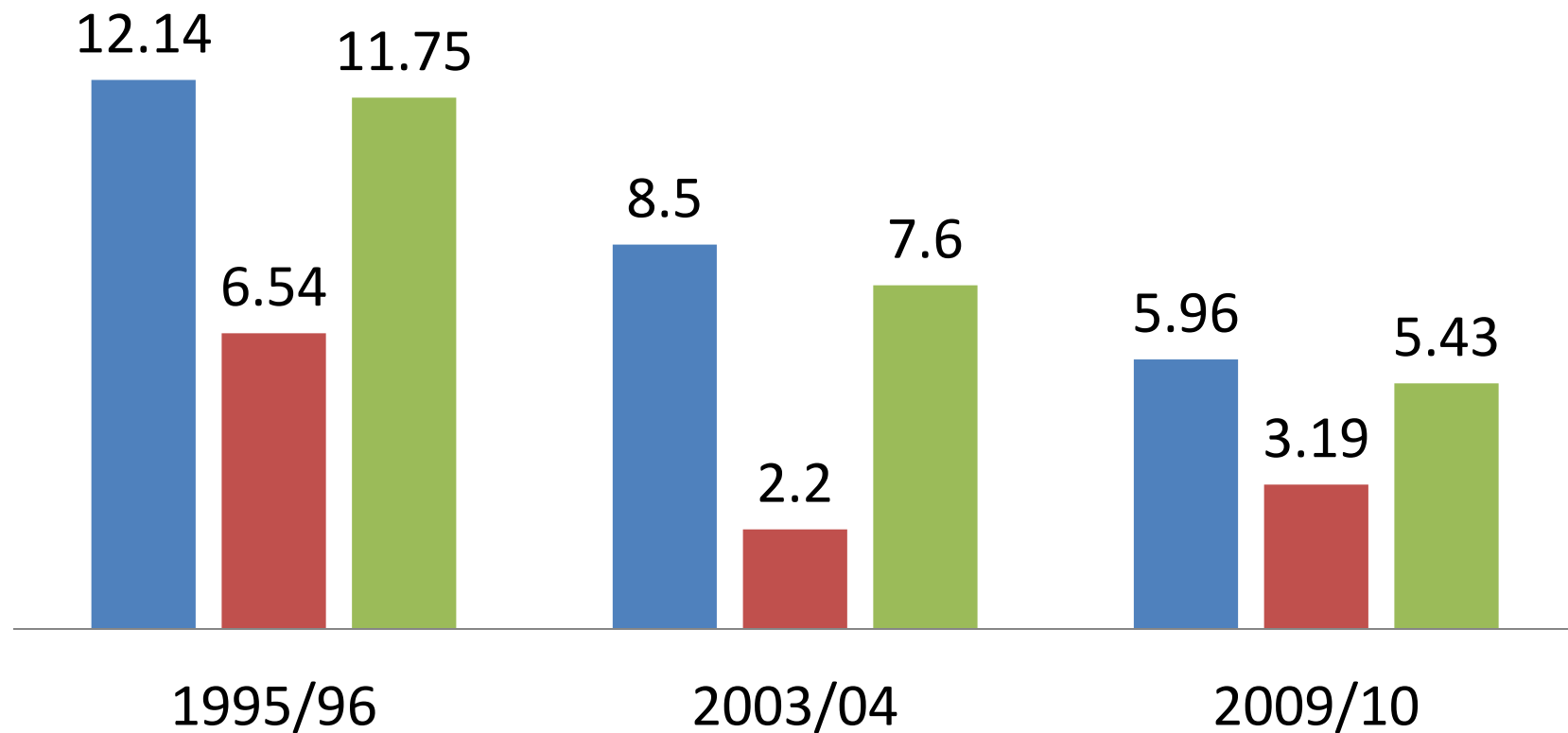
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4. Poverty Status

Poverty Gap Index (in percent)

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■ Rural ■ Urban ■ Nepal



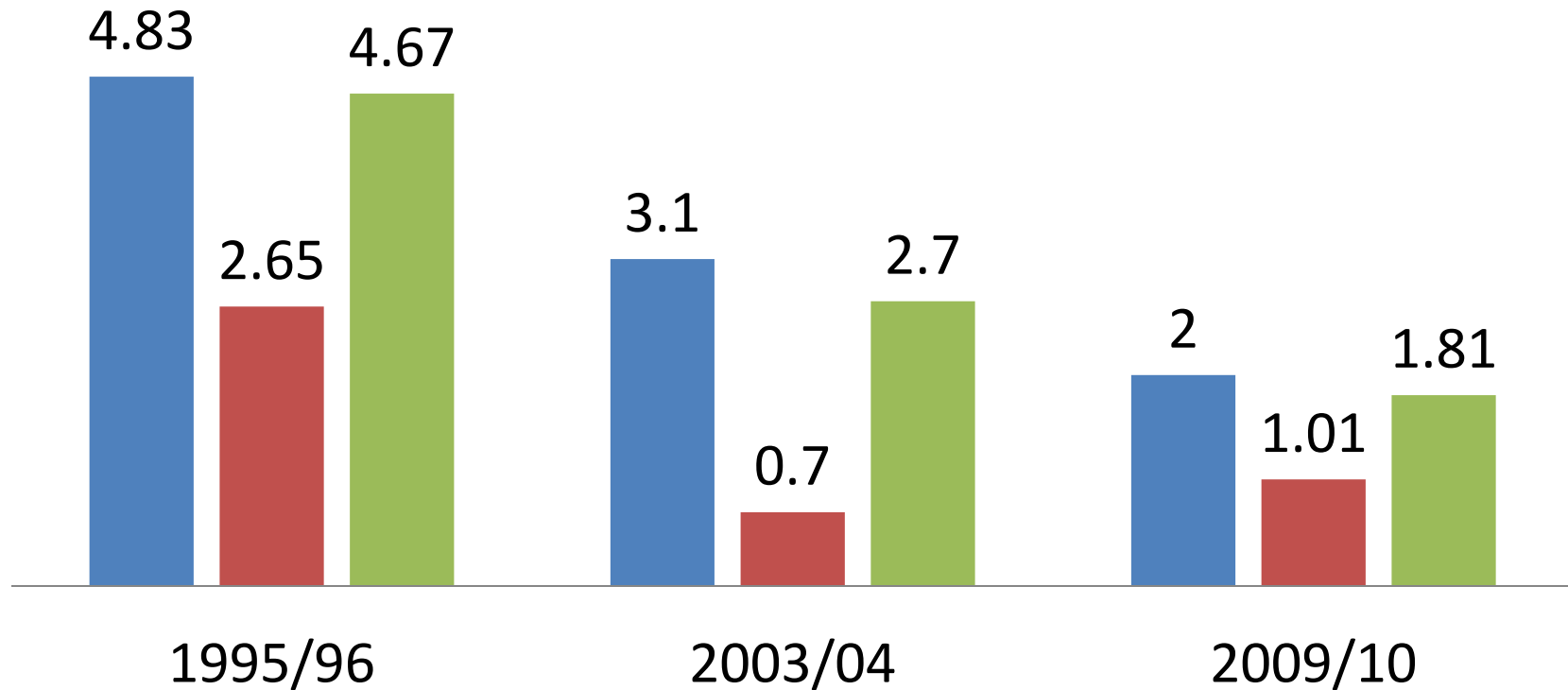
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4. Poverty Status

Squared Poverty Gap Index (in percent)

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■ Rural ■ Urban ■ Nepal

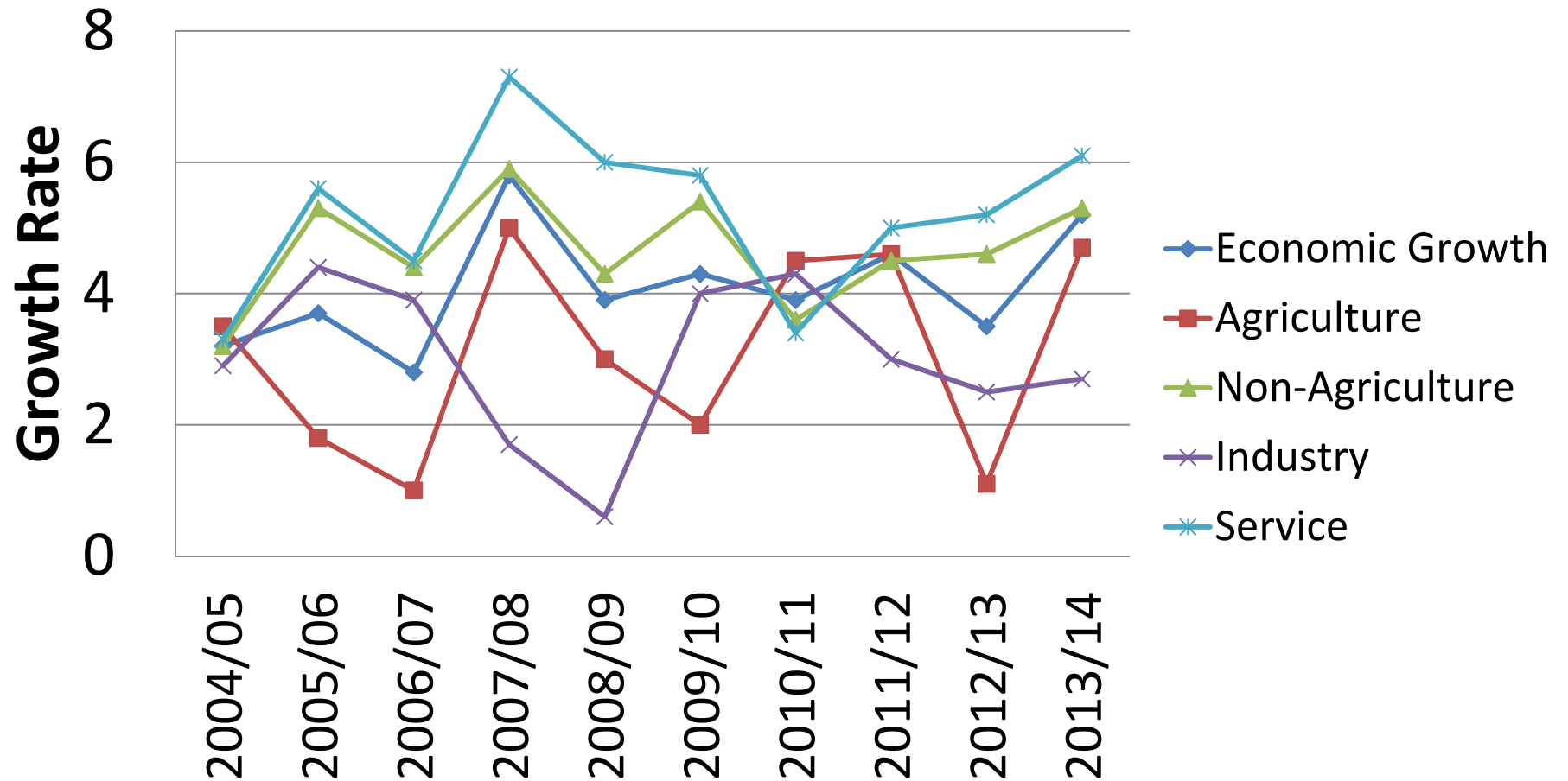


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4. Poverty Status

Economic Growth Rate in last Decade

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4. Poverty Status

Economic Growth Rate in last Decade

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- Economic growth (Y)=f(Agr , Industry, Services)

$$Y = -0.259 + 0.66 \text{ Agr} + 0.16 \text{ Ind} + 0.69 \text{ Ser}$$

$$\text{S.E. } (0.447) \quad (0.045) \quad (0.065) \quad (0.060)$$

$$\text{t-test } (-0.579) \quad (8.860) \quad (0.081) \quad (8.695)$$

$$\text{p-value } (0.581) \quad (0.000) \quad (0.076) \quad (0.000)$$

- The growth rate of agriculture and service sector have significantly increased during the time period and it was higher in service sector.

5. Social Inclusion: A Way Forward

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- The Nepalese women face the threat of violence in the household, the community, and in aspects of public life. Indices show that there is lacking to fulfill the women's right in these direction in most of the caste/ethnic groups.
- The indices show that none of the caste/ethnic groups score highly across all gender inclusion indicator suggested that none of the groups is totally gender inclusive.

5. Social Inclusion: A Way Forward

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- The various social inclusion indices will help evaluate the effectiveness of policies aimed at promoting inclusive growth.
- The purpose of social inclusion activities in various sectors of government should be based on to promote productivity, to reduce poverty, increasing opportunities of employment and sustainable economic development.

5. Social Inclusion: A Way Forward

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- The poverty report from the Nepal living standard surveys show that it is decreasing continuously but the disparity rate is increasing in rural location in Nepal.
- On the perspective of Caste/ Ethnic group criteria, the poverty is decreasing in each group but disparity was found increasing significantly.

5. Social Inclusion: A Way Forward

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- Social dimension index is a composite index affected by a number of quantitative and qualitative indicators.
- On the basis of these indicators, Brahmins and Chhetries are at the top of the list and above the national average and showing highest level of inclusion in most of the indicators while Dalits are at the bottom. Janajatis and Dalits are far from political inclusion.

5. Social Inclusion: A Way Forward

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- We can further infer that there was absolutely high variation in political dimension index and language index in caste/ethnic groups , while
- Relatively high variation was found in economic access index and education index in caste/ethnic groups in Nepal.

6. Policy Agendas

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- Higher growth is a necessary but insufficient condition for reducing poverty and inequality at a fast pace is not possible.
- The social inclusion policies in various government agencies have been made with various plans and programs but lacking in their implementation.
- The social inclusion does not mean that it creates adverse effect on production and development.

6. Policy Agendas

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- Gender dimension index show that in most of the indicators gender inclusion was found low and there is none of the caste/ethnic groups is totally inclusive.
- In short, to make more gender inclusive, the empowerment programs for women should be made effectively.

6. Policy Agendas

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- Among the caste/ethnic groups in most of the indicators Dalits, Muslim, in some indicators Janajatis show low status, so, to make more inclusive them the relevant programs should be launched effectively.

6. Policy Agendas

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- From the two-decade information, it has been shown that social inclusion has been increased, the poverty is decreasing continuously but economic growth rate cannot increase sufficiently, in this context further research is necessary to boost up the growth rate such that it will meet for upgrading by 2022 Nepal as a developed country.

Thank You

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