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The magnitudes and caste/ethnic bases of transient and chronic poverty in Nepal: A longitudinal household-level analysis (2014)

Udaya R. Wagle⁴

Western Michigan University

Nepal has witnessed significant progress in poverty reduction with poverty rates declining from 41 percent in 1996 to 25 percent by 2011. Using panel data from the Nepal Living Standard Surveys, this paper examines the dynamics of chronic and transient poverty and their socioeconomic determinants between 1996 and 2011. While the incidence of chronic poverty was relatively small, findings suggest that almost one-half of the population moved in and out of poverty at least once during the period. Despite an overrepresentation of the middle and lower caste Hindus, Newars, and indigenous groups among the poor, this analysis shows that it is human capital—not caste/ethnic discrimination or penalty—that may have impacted the transient and chronic poverty experience. Findings from this analysis shed important insights into the structure and determinants of poverty dynamics, forming a valid basis to rethink policy interventions.

Keywords: Poverty dynamics; Caste/ethnicity; Discrimination; Human capital; Nepal; Panel data

⁴ School of Public Affairs and Administration, Western Michigan University, Kalamazoo, MI 49002