Analysis and Interpretation of Data – II
Children do not drop out of school without reason. For many children, dropping out from school is a compulsion, not a choice. Some cases of dropout are caused by children’s personal factors such as prolonged illness, while many cases are caused by social and economic factors. Having analysed the social factors behind primary school dropout in the preceding chapter, the present chapter aims at identification and analysis of economic factors that take the primary school children away from school. For this purpose, the study has made an investigation into the key economic parameters of the households of dropout children.

This chapter begins with an overview of economic costs involved in primary education, followed by a quick assessment of the relationship between the household economic situation and education of children. It then proceeds to an in-depth analysis of the economic characteristics of the households in terms of such key parameters as household income and expenditures, incidence of poverty and indebtedness, employment status of the household heads, and other economic aspects of the households. This chapter also discusses how the key actors (stakeholders) of the primary education system such as education officers, school supervisors, resource persons, head teachers, teachers, SMC members, and dropout children themselves perceive the influence of economic factors in dropout and retention in primary education.

❖ COSTS IN PRIMARY EDUCATION

Primary education is not a free good. There are many costs involved in primary education, which have to be borne by the parents of those children who are enrolled in school. At the household level, education costs are classified as direct costs and indirect costs. Direct costs of education mean school related expenditures directly incurred by students and parents. They include household expenses on such items like school fees, books and stationery, school dress, travel expenses, etc. As these costs are borne by students or their parents, the household economic situation
has a strong say in making decisions on the schooling of children. Indirect costs of education are also called the opportunity costs which represent the possible earnings through work which a student has to forego while attending a school. In this way, in terms of both direct and indirect costs, schooling of children has relationship with the status of the household economy.

Costs in primary education are shared by the government, households/parents and communities. This study has focused on household expenditures in primary education.

In Nepal, public primary education is declared as free of costs. No tuition fee is charged in public schools. Yet, there are many direct and indirect costs involved in education, particularly affecting the enrolment, retention, and completion of primary education of boys and girls belonging to poor households. Direct costs include transport, textbooks, stationeries, uniform, etc. If poor children lack these items, they may either not attend or dropout from school. Indirect cost includes earnings foregone or opportunity costs of children which affect demand for schooling. In poor families, children are needed to work to support their parents in income-generation activities.

The demand for primary education is weakened by high opportunity costs of schooling. For poor families, opportunity costs are often as significant as direct costs, since children are either put at gainful work or used in household work to release parents to be involved in income generation activities (IGA). Therefore, high opportunity costs also explain the higher tendency of dropout as children grow up, since their opportunity costs of staying in school increase along with their age. For many boys and girls, education is beyond reach because they are full-time workers, many of them toiling in hazardous and exploitative forms of child labour. Work in farm or house prevents many children from benefiting from education opportunities, but, in the meantime, school system has also failed to take into account the special circumstances of child work. So, conflict of economic interest is a great obstruction in the schooling of children, particularly in poor families. To the parent, schooling of child means an immediate loss of a helping hand or a source of income on the one hand, while, on the other, it means an increase in immediate expenditure of the household (Baidya, 2000). Cost of education is one of the major barriers to primary education. Many poor parents lack funds to meet schooling expenditures of their
children. This has become a great hurdle in achieving UPE. As reported by a DFID study, need of children for housework is a cause of irregular attendance, resulting in dropout from school (Siobhan Boyle, 2002). Therefore, opportunity costs of primary education also might play a crucial role in decision-making of households concerning enrolment, attendance, dropouts and even the performance of the children.

❖ HOUSEHOLD ECONOMIC SITUATION AND DROPOUT OF CHILDREN FROM SCHOOL

Economic situation of households is one of the major determinants of dropout and retention of children in primary education. For the completion of primary education, a student has to bear different types of direct and indirect costs. On the one hand, due to poverty and deprivation, poor students cannot afford the direct costs of education, while, on the other, they need to support their poor parents either by directly engaging in income-generation activities or by taking care of household chores to release the parents for gainful work. Therefore, poverty is a determinant of access to and retention in a school. It causes denial of education in terms of avoidance of school or dropping out from school.

The economic characteristics of the households of the dropout children are examined in terms of such parameters as household income and expenditures, incidence of poverty, incidence of indebtedness, and employment status of the household heads.

❖ HOUSEHOLD INCOME

Household income is the key factor in determining the economic status of a household. It shows the capacity of a household to command over goods and services required for the survival and progress of the household members. Understandably, the level of household income is a critical factor in influencing the household demand for education. Therefore, this study has made an attempt to analyse the income levels of the survey households.

In this study, incomes of all members of a household from all sources, at home or abroad, in the year 2006 are added up in Nepali Rupee value to determine the income of that particular household. The levels of household income in the survey households of Doti and Rautahat districts are given in Table-VI. 1
Table VI. 1
Annual Household Income of Households under Study by Rural and Urban Area

<table>
<thead>
<tr>
<th>Income (Rs.)</th>
<th>Doti Rural</th>
<th>Doti Urban</th>
<th>Doti Total</th>
<th>Rauthat Rural</th>
<th>Rauthat Urban</th>
<th>Rauthat Total</th>
<th>Total Rural</th>
<th>Total Urban</th>
<th>Total Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 10000</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>10000-20000</td>
<td>13</td>
<td>7</td>
<td>20</td>
<td>8</td>
<td>2</td>
<td>10</td>
<td>21</td>
<td>9</td>
<td>30</td>
</tr>
<tr>
<td>20000-30000</td>
<td>25</td>
<td>10</td>
<td>35</td>
<td>27</td>
<td>28</td>
<td>55</td>
<td>52</td>
<td>38</td>
<td>90</td>
</tr>
<tr>
<td>30000-40000</td>
<td>26</td>
<td>5</td>
<td>31</td>
<td>41</td>
<td>26</td>
<td>67</td>
<td>67</td>
<td>31</td>
<td>98</td>
</tr>
<tr>
<td>40000-50000</td>
<td>9</td>
<td>11</td>
<td>20</td>
<td>18</td>
<td>25</td>
<td>43</td>
<td>27</td>
<td>36</td>
<td>63</td>
</tr>
<tr>
<td>50000-60000</td>
<td>5</td>
<td>4</td>
<td>9</td>
<td>16</td>
<td>23</td>
<td>39</td>
<td>21</td>
<td>27</td>
<td>48</td>
</tr>
<tr>
<td>60000-70000</td>
<td>10</td>
<td>4</td>
<td>14</td>
<td>6</td>
<td>21</td>
<td>27</td>
<td>16</td>
<td>25</td>
<td>41</td>
</tr>
<tr>
<td>70000-80000</td>
<td>3</td>
<td>4</td>
<td>7</td>
<td>6</td>
<td>9</td>
<td>15</td>
<td>9</td>
<td>13</td>
<td>22</td>
</tr>
<tr>
<td>80000-90000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>5</td>
<td>9</td>
<td>4</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>90000-100000</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>100000 and above</td>
<td>0</td>
<td>4</td>
<td>4</td>
<td>6</td>
<td>8</td>
<td>14</td>
<td>6</td>
<td>12</td>
<td>18</td>
</tr>
<tr>
<td>Total</td>
<td>93</td>
<td>51</td>
<td>144</td>
<td>135</td>
<td>151</td>
<td>286</td>
<td>228</td>
<td>202</td>
<td>430</td>
</tr>
<tr>
<td>Highest</td>
<td>79000</td>
<td>102600</td>
<td>102600</td>
<td>139000</td>
<td>130000</td>
<td>139000</td>
<td>139000</td>
<td>130000</td>
<td>139000</td>
</tr>
<tr>
<td>Lowest</td>
<td>8000</td>
<td>7000</td>
<td>7000</td>
<td>9000</td>
<td>6000</td>
<td>6000</td>
<td>8000</td>
<td>6000</td>
<td>6000</td>
</tr>
<tr>
<td>Mean</td>
<td>34675</td>
<td>44196</td>
<td>38047</td>
<td>43674</td>
<td>48975</td>
<td>46473</td>
<td>40004</td>
<td>47768</td>
<td>43651</td>
</tr>
<tr>
<td>Median</td>
<td>30600</td>
<td>40000</td>
<td>35000</td>
<td>37000</td>
<td>47000</td>
<td>41000</td>
<td>36000</td>
<td>45000</td>
<td>38000</td>
</tr>
<tr>
<td>Standard deviation</td>
<td>16982</td>
<td>25311</td>
<td>20747</td>
<td>24517</td>
<td>22839</td>
<td>23753</td>
<td>22167</td>
<td>23515</td>
<td>23111</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2007
It may be observed from the table above (VI.1) that on an average, the level of household income in 430 households amounts to Rs. 43,651, which varies between a low of Rs. 6,000 to a high of Rs. 139,000 per annum. The median value of annual income is Rs. 38,000. The table shows that 188 out of 430 households, which are about 44 percent of total households, registered an income level ranging from N Rs. 20,000 to N Rs. 40,000 per year. Likewise, 6 households (1.4%) had an income level of less than Rs. 10,000 per year, whereas the annual income level in 18 households (4.2%) exceeded Rs. 100,000.

Rural-urban disparity was evident in the level of income. The average income in rural households was Rs. 40,004 as compared to Rs. 47,768 in the case of urban households. The median value of household income is Rs. 36,000 in rural households vis-à-vis Rs. 45,000 in urban households. Rural households have lower incomes than their urban counter-parts.

There was a clear disparity in the levels of household income between the two districts. The average income per year in Doti district was Rs. 38,047, lower by Rs. 8,426 than the average household income in Rautahat district. Likewise, the average income levels of rural and urban households in Doti were Rs. 34,675 and Rs. 44,196, which are lower than the corresponding income levels of Rautahat amounting to Rs. 43,674 and Rs. 48,975 respectively. In terms of household income, both rural and urban households of Doti, a hill district, look poorer than the households of Rautahat, a Tarai district.

Household Income Per Capita

Per capita income is said to be a better indicator of household economic situation than the household income. Therefore, the level of per capita income in the survey households is examined here. Annual per capita income is arrived at by dividing the total household income of the family by the total number of household members. The per capita income levels of survey households are reported in Table VI.2
### Table VI.2

Annual per capita Income of Household under Study by Rural and Urban Area

<table>
<thead>
<tr>
<th>Per Capita Income (Rs.)</th>
<th>Doti Rural</th>
<th>Doti Urban</th>
<th>Doti Total</th>
<th>Rauthat Rural</th>
<th>Rauthat Urban</th>
<th>Rauthat Total</th>
<th>Total Rural</th>
<th>Total Urban</th>
<th>Total Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 1000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>1000-2000</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>10</td>
<td>6</td>
<td>16</td>
</tr>
<tr>
<td>2000-3000</td>
<td>7</td>
<td>11</td>
<td>3</td>
<td>2</td>
<td>5</td>
<td>10</td>
<td>16</td>
<td>21</td>
<td>37</td>
</tr>
<tr>
<td>3000-4000</td>
<td>12</td>
<td>17</td>
<td>25</td>
<td>6</td>
<td>19</td>
<td>25</td>
<td>135</td>
<td>151</td>
<td>286</td>
</tr>
<tr>
<td>4000-5000</td>
<td>17</td>
<td>23</td>
<td>22</td>
<td>47</td>
<td>42</td>
<td>28</td>
<td>228</td>
<td>202</td>
<td>430</td>
</tr>
<tr>
<td>5000-6000</td>
<td>14</td>
<td>23</td>
<td>12</td>
<td>22</td>
<td>34</td>
<td>26</td>
<td>151</td>
<td>144</td>
<td>295</td>
</tr>
<tr>
<td>6000-7000</td>
<td>16</td>
<td>20</td>
<td>22</td>
<td>45</td>
<td>38</td>
<td>27</td>
<td>228</td>
<td>202</td>
<td>430</td>
</tr>
<tr>
<td>7000-8000</td>
<td>7</td>
<td>11</td>
<td>17</td>
<td>19</td>
<td>36</td>
<td>24</td>
<td>180</td>
<td>151</td>
<td>331</td>
</tr>
<tr>
<td>8000-9000</td>
<td>4</td>
<td>7</td>
<td>10</td>
<td>18</td>
<td>10</td>
<td>15</td>
<td>180</td>
<td>151</td>
<td>331</td>
</tr>
<tr>
<td>9000-10000</td>
<td>6</td>
<td>10</td>
<td>7</td>
<td>6</td>
<td>13</td>
<td>16</td>
<td>135</td>
<td>151</td>
<td>286</td>
</tr>
<tr>
<td>10000-11000</td>
<td>2</td>
<td>5</td>
<td>8</td>
<td>9</td>
<td>17</td>
<td>10</td>
<td>151</td>
<td>144</td>
<td>295</td>
</tr>
<tr>
<td>11000-12000</td>
<td>2</td>
<td>6</td>
<td>7</td>
<td>9</td>
<td>16</td>
<td>9</td>
<td>151</td>
<td>144</td>
<td>295</td>
</tr>
<tr>
<td>12000-13000</td>
<td>2</td>
<td>5</td>
<td>5</td>
<td>11</td>
<td>7</td>
<td>9</td>
<td>151</td>
<td>144</td>
<td>295</td>
</tr>
<tr>
<td>13000-14000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>1</td>
<td>5</td>
<td>100</td>
<td>857</td>
<td>957</td>
</tr>
<tr>
<td>14000-15000</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>6632</td>
<td>6750</td>
<td>7412</td>
</tr>
<tr>
<td>15000 &amp; above</td>
<td>2</td>
<td>3</td>
<td>6</td>
<td>12</td>
<td>8</td>
<td>15</td>
<td>286</td>
<td>228</td>
<td>514</td>
</tr>
<tr>
<td>Total</td>
<td>93</td>
<td>144</td>
<td>135</td>
<td>151</td>
<td>286</td>
<td>228</td>
<td>295</td>
<td>295</td>
<td>590</td>
</tr>
<tr>
<td>Highest</td>
<td>15500</td>
<td>25250</td>
<td>25250</td>
<td>18000</td>
<td>24000</td>
<td>24000</td>
<td>18000</td>
<td>25250</td>
<td>25250</td>
</tr>
<tr>
<td>Lowest</td>
<td>1333</td>
<td>2333</td>
<td>1333</td>
<td>1000</td>
<td>857</td>
<td>857</td>
<td>1000</td>
<td>857</td>
<td>857</td>
</tr>
<tr>
<td>Mean</td>
<td>5941</td>
<td>7377</td>
<td>6449</td>
<td>7107</td>
<td>7734</td>
<td>7438</td>
<td>6632</td>
<td>7643</td>
<td>7107</td>
</tr>
<tr>
<td>Median</td>
<td>5556</td>
<td>6429</td>
<td>5775</td>
<td>6333</td>
<td>6857</td>
<td>6633</td>
<td>6000</td>
<td>6750</td>
<td>6333</td>
</tr>
<tr>
<td>Standard deviation</td>
<td>2791</td>
<td>4043</td>
<td>3347</td>
<td>3440</td>
<td>3685</td>
<td>3579</td>
<td>3236</td>
<td>3772</td>
<td>3530</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2007
It may be observed from the table above (VI.2) that on an average, the level of per capita income in 430 households amounts to Rs. 7,107 which varies between a low of Rs. 857 to a high of Rs. 25,250 per annum. The median value of annual per capita income is Rs. 6,333. The table shows that 192 out of 430 households, which is about 45 percent of total households, registered annual per capita income level ranging from N Rs. 4,000 to N Rs. 7,000 per year. Likewise, 6 households (1.4%) had annual per capita income level of less than Rs. 2,000 per year, whereas the annual per capita income level in 15 households (3.5%) exceeded Rs. 15,000.

Rural-urban disparity was evident in the per capita level of income. The average per capita income in rural households was Rs. 6,632 as compared to Rs. 7,643 in the case of urban households. The median value of household per capita income is Rs. 6,000 in rural households vis-à-vis Rs. 6,750 in urban households. Rural households have lower per capita incomes than their urban counterparts.

There was a clear disparity in the levels of household per capita income between the two districts. The average per capita income per year in Doti district was Rs. 6,449 lower than Rautahat district (Rs. 6,632). Likewise, the average per capita income levels of rural and urban households in Doti are Rs. 5,941 and Rs. 7,377, respectively which were lower than the corresponding per capita income levels of Rautahat amounting to Rs. 7,107 and Rs. 7,734 respectively. In terms of per capita income of both rural and urban households of Doti, a hill district, look poorer than the households of Rautahat, a Tarai district.

Annual per capita income of household under study has been depicted through the bar diagrams given below:
Fig. VI.1
Annual Per Capita Income of Households under Study
Sources of Household Income

This study has also made an attempt to identify the sources of household income. The major sources of income in households under study by district and rural-urban are reported in Table VI.3

Table VI.3
Sources of Income of Households in Rural and Urban Areas of Districts
(In Percentage)

<table>
<thead>
<tr>
<th>Sources of Income</th>
<th>Doti Rural</th>
<th>Urban</th>
<th>Total</th>
<th>Rautahat Rural</th>
<th>Urban</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>22.5</td>
<td>21.4</td>
<td>22.1</td>
<td>32.4</td>
<td>25.3</td>
<td>28.4</td>
<td>28.9</td>
</tr>
<tr>
<td>Livestock raising (including poultry)</td>
<td>9.2</td>
<td>7.1</td>
<td>8.4</td>
<td>8.4</td>
<td>7.8</td>
<td>8.1</td>
<td>8.7</td>
</tr>
<tr>
<td>Wage labour</td>
<td>26.6</td>
<td>31.8</td>
<td>28.7</td>
<td>38.1</td>
<td>42.2</td>
<td>40.4</td>
<td>34.0</td>
</tr>
<tr>
<td>Service</td>
<td>7.5</td>
<td>8.7</td>
<td>8.0</td>
<td>10.5</td>
<td>12.2</td>
<td>11.5</td>
<td>9.4</td>
</tr>
<tr>
<td>Shop/trading</td>
<td>4.4</td>
<td>6.2</td>
<td>5.1</td>
<td>8.5</td>
<td>8.7</td>
<td>8.6</td>
<td>7.0</td>
</tr>
<tr>
<td>Industry (including cottage crafts)</td>
<td>1.6</td>
<td>1.7</td>
<td>1.6</td>
<td>0.5</td>
<td>0.0</td>
<td>0.2</td>
<td>0.9</td>
</tr>
<tr>
<td>Remittances</td>
<td>28.2</td>
<td>22.9</td>
<td>26.0</td>
<td>0.2</td>
<td>3.7</td>
<td>2.2</td>
<td>10.1</td>
</tr>
<tr>
<td>Pension</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>1.5</td>
<td>0.0</td>
<td>0.7</td>
<td>1.0</td>
</tr>
</tbody>
</table>

*Source: Field Survey, 2007*

The table above (VI.3) shows that the wage labour was the largest source of household income in both the districts and in rural and urban areas. This was in conformity with the characteristics of the poor families which were either landless or holders of small farm lands. On the whole, about 37 percent of the total household income was obtained from wage labour, which varies between about 29 percent in Doti and 40 percent in Rautahat. Wage labour as a proportion of household income was 34 percent in the rural areas and about 40 percent in the urban areas.

Agriculture was the second largest source of household income accounting for nearly 27 percent of the total household income, varying between about 22 percent in Doti and 28 percent in Rautahat. Agriculture accounts for about 29 percent of the total
household income in the rural areas and 24 percent in the urban areas.

Livestock raising was an important source of household income, accounting for about 8 percent of the total household income both in Doti and Rautahat districts. The share of this source in total household income was nearly 9 percent in the rural areas and 8 percent in the urban areas.

Service was the third largest source of household income accounting for over 10 percent of the total household income, varying between 8 percent (Doti) and above 11 percent (Rautahat). The proportion of this source in household income was over 9 percent in the rural areas and over 11 percent in urban areas.

Small shops and petty trading were also important sources of household income, accounting for nearly 8 percent of the total household income, varying between about 5 percent in Doti and nearly 9 percent in Rautahat. The share of this source in household income was 7.0 percent in the rural areas and over 8 percent in urban areas.

Remittance as a source of household income tells an interesting story. Whereas it was the second largest source of household income accounting for 26 percent of the total household income in Doti, it was just a minor source accounting for about 2 percent of the total household income in Rautahat district. As compared to Rautahat district, which was a plain agricultural area, local opportunities of employment and income both in-farm and out-of-farm, are lesser in Doti, which was a remote hilly district. Therefore, a large number of youth population in Doti district work abroad, particularly in Indian cities, as wage labour.

The main sources of income in the households were found to be wage labour, agriculture, livestock raising, service, small shops and petty trading, tradition-based cottage crafts and trades, and income from remittances. The same has also been depicted through the pie diagrams in figure no. VI.2
Fig. VI.2

Source of Income in Households under Study

- Doti
  - Agriculture: 22%
  - Livestock raising (including poultry): 8%
  - Wage labour: 5%
  - Service: 26%
  - Shop/trading: 2%
  - Remittances: 2%
  - Others: 10%

- Rautahat
  - Agriculture: 8%
  - Livestock raising (including poultry): 9%
  - Wage labour: 8%
  - Service: 1%
  - Shop/trading: 1%
  - Remittances: 27%
  - Others: 10%

- Doti and Rautahat
  - Agriculture: 8%
  - Livestock raising (including poultry): 9%
  - Wage labour: 8%
  - Service: 1%
  - Shop/trading: 1%
  - Remittances: 27%
  - Others: 10%
Incidence of Poverty

Poverty is viewed as a pronounced deprivation in well-being. It encompasses not only material deprivation but also low achievement in education and health. Describing the conditions of the poor people, the World Bank Report (2000-01) says:

"Poor people live without fundamental freedoms of actions and choice that the better-off take for granted. They often lack adequate food and shelter, education and health, deprivations that keep them leading the kind of life that everyone values. They also face extreme vulnerability to ill health, economic dislocation, and natural disasters. And they are often exposed to ill treatment by institutions of the state and society and are powerless to influence key decisions affecting their lives. These are all dimensions of poverty." The same report says, "For those who live in poverty, escaping from poverty seems impossible. But it is not impossible." Education is one of the ways towards poverty reduction. But, at the household level, poverty is seen both as a cause and an effect of educational backwardness.

In Nepal, widespread poverty remains a persistent and critical problem. The incidence of poverty is very high and the number of poor is rising. According to the latest poverty estimate, 30.8 percent of the population in Nepal subsists below the poverty line, which varies between 9.5 percent (urban areas) and 34.6 percent (rural areas) (CBS, 2005). The proportion of the population afflicted by poverty is 27.6 percent of the total population in the Tarai region vis-à-vis 32.6 percent in the Mountains and 34.6 percent in the Hills. The incidence of poverty is disproportionately higher in the rural areas, especially in less accessible regions, and among the socially backward caste groups traditionally labeled as dalit and the ethnic minorities.

An attempt has been made in this study to depict the situation of poverty in the survey areas. For this purpose, the incidence of income poverty in the households under study has been estimated using the national poverty line income per capita as the threshold point. The latest estimate of poverty in Nepal was carried out in the year 2003/04 by the Central Bureau of Statistics of the Government of Nepal, which established N Rs. 7696 at the current market prices of the year 2003/04 as the national poverty line income. Since the present household survey collected information on household income and expenditure for the year 2006/07, the said figure of the poverty line income was inflated for the year 2006/07 by using the GDP deflator adopted by

202
the Economic Survey Report of the fiscal year 2006/07. Thus, the national level poverty line income per capita of N Rs. 8363 was derived and used as the threshold to analyse the incidence of poverty in the households under study.

The incidence of poverty in the households under study is reported in Tables VI.4

| Table VI.4 |
| Number of Households under Study Below & Above Poverty Line |
| Income by District, 2006/07 (In%) |

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Doti</th>
<th>Rautahat</th>
<th>Doti &amp; Rautahat</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rural</td>
<td>Urban</td>
<td>Total</td>
</tr>
<tr>
<td>Households below</td>
<td>83.9</td>
<td>64.7</td>
<td>77.1</td>
</tr>
<tr>
<td>Poverty Line</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Households above</td>
<td>16.1</td>
<td>35.3</td>
<td>22.9</td>
</tr>
<tr>
<td>Poverty Line</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Household Survey

It may be observed from the table above that on the whole, 306 out of 430 households (Annex D1) are found to subsist below the poverty line income, which says that the proportion of poor households is 71.2 percent of the total. The incidence of poverty among the households of the primary school dropout children was alarmingly high, which is about 2.3 times higher than the incidence of overall poverty in the country. As stated elsewhere, the proportion of population below the poverty line is 31 percent at the national level, whereas it is as high as 71 percent among the households under study.

The incidence of poverty varies in two districts under study. The proportion of poor households in Doti, a hill district, was over 77 percent of the total, which is higher than that in Rautahat, a tarai district, by about 9 percent. Likewise, the incidence of poverty in the rural households is about 10 percent higher than in the urban households; the incidence of poverty was found in about 77 percent households in Doti as compared to about 68 percent in Rautahat. Rural-urban difference in poverty is more pronounced in Doti district, where the proportion of the poor households was about 84 percent of the total in the rural areas as compared to about 65 percent in the case of urban households. Thus, in Doti, the magnitude of rural poverty was about 19 percent higher than the urban poverty. In Rautahat district, the rural poverty is higher than the urban poverty by about 4 percentage points only.
The incident of poverty of households under study area has been depicted through the pie diagrams figure number VI.3.

**Fig. VI.3**

*Incident of Poverty of Households under Study Area*

- **Doli**
  - Households above Poverty Line: 77%
  - Households below Poverty Line: 23%

- **Rautahat**
  - Households above Poverty Line: 68%
  - Households below Poverty Line: 32%

- **Doli and Rautahat**
  - Households above Poverty Line: 71%
  - Households below Poverty Line: 29%
Poverty has many implications of concern in the education of children. To begin with, it compels children to be at work when they should be in school. It either results in school avoidance or in irregular attendance, poor performance, and eventually dropout from school. Poverty-afflicted parents need children more for work and income at home. Thus, poverty enhances dropout from and reduces retention at school.

**Employment Pattern**

Employment is a key factor in determining the economic status of a household. The Nepal Living Standards Survey 2003/04 is the latest available information on the status of unemployment in Nepal. As stated by this Report, the rate of unemployment in the country is 3.8 percent, varying between 3.6 percent among women and 3.9 percent among men (CBS, 2004). It is 1.5 percent in the Mountains, 2.7 percent in the Hills and 5.1 percent in the Tarai. Likewise, the rate of unemployment varies between 2.9 percent in the rural areas and 9.2 percent in the urban areas. A large amount of rural unemployment is hidden behind underemployment. The incidence of child labour, expressed as percentage of children aged 5-14 years old engaged in gainful activity, is 31.4 percent of the total, which is again an indication of massive poverty.

In order to assess the employment situation of the households of the dropout children, this study has made an attempt to identify the occupation of the household heads. The findings are reported in Table VI.5.

<p>| Table VI.5 |
| Main Occupation of Household Heads in the Households |</p>
<table>
<thead>
<tr>
<th>Main Occupation</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture/livestock</td>
<td>180</td>
<td>41.9</td>
</tr>
<tr>
<td>Wage labour</td>
<td>155</td>
<td>36.0</td>
</tr>
<tr>
<td>Service</td>
<td>21</td>
<td>4.9</td>
</tr>
<tr>
<td>Shop/Petty trading</td>
<td>23</td>
<td>5.3</td>
</tr>
<tr>
<td>Traditional artisanry/family trade/cottage industry</td>
<td>35</td>
<td>8.1</td>
</tr>
<tr>
<td>Housework</td>
<td>13</td>
<td>3.0</td>
</tr>
<tr>
<td>Others</td>
<td>3</td>
<td>0.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>430</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Household Survey, 2007
It is found that the main occupations of the household heads are agriculture including livestock raising, and wage labour, accounting for 42 percent and 36 percent of the total respectively. Thus, it is suggested that about 78 percent household heads of dropout children earn their livelihood either from agriculture or from wage labour. About 8 percent households heads are engaged as main occupation in tradition-based family trades or cottage crafts. Small shop or petty trading is the main occupation in the case of about 5 percent household heads, and nearly 5 percent of the household heads are in service. About 3 percent of the total household heads are obsessed in non-gainful housework.

Employment status of household members aged 10 years and above by economic activities is reported in Table VI.6

**Table VI.6**

<table>
<thead>
<tr>
<th>Main Activity</th>
<th>Doti Rural</th>
<th>Doti Urban</th>
<th>Doti Total</th>
<th>Rautahat Rural</th>
<th>Rautahat Urban</th>
<th>Rautahat Total</th>
<th>Total Rural</th>
<th>Total Urban</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wage labour</td>
<td>16.1</td>
<td>8.6</td>
<td>13.2</td>
<td>28.5</td>
<td>20.3</td>
<td>23.9</td>
<td>23.5</td>
<td>17.3</td>
<td>20.4</td>
</tr>
<tr>
<td>Agriculture/livestock</td>
<td>27.6</td>
<td>29.7</td>
<td>28.4</td>
<td>15.3</td>
<td>13.0</td>
<td>14.0</td>
<td>20.2</td>
<td>17.2</td>
<td>18.7</td>
</tr>
<tr>
<td>Traditional artisany/family trade/cottage industry</td>
<td>1.8</td>
<td>2.3</td>
<td>2.0</td>
<td>5.7</td>
<td>6.7</td>
<td>6.3</td>
<td>4.2</td>
<td>5.6</td>
<td>4.9</td>
</tr>
<tr>
<td>Shop/Petty trading</td>
<td>0.0</td>
<td>0.6</td>
<td>0.2</td>
<td>2.9</td>
<td>4.0</td>
<td>3.5</td>
<td>1.7</td>
<td>3.2</td>
<td>2.4</td>
</tr>
<tr>
<td>Service</td>
<td>1.4</td>
<td>2.9</td>
<td>2.0</td>
<td>1.9</td>
<td>2.7</td>
<td>2.3</td>
<td>1.7</td>
<td>2.7</td>
<td>2.2</td>
</tr>
<tr>
<td>Working abroad</td>
<td>11.5</td>
<td>12.0</td>
<td>11.7</td>
<td>0.2</td>
<td>0.4</td>
<td>0.3</td>
<td>4.7</td>
<td>3.3</td>
<td>4.0</td>
</tr>
<tr>
<td>Housework</td>
<td>35.5</td>
<td>30.9</td>
<td>33.7</td>
<td>37.1</td>
<td>41.3</td>
<td>39.4</td>
<td>36.4</td>
<td>38.7</td>
<td>37.6</td>
</tr>
<tr>
<td>Student</td>
<td>1.8</td>
<td>4.0</td>
<td>2.6</td>
<td>1.7</td>
<td>1.9</td>
<td>1.8</td>
<td>1.7</td>
<td>2.4</td>
<td>2.1</td>
</tr>
<tr>
<td>Unemployed</td>
<td>4.3</td>
<td>9.1</td>
<td>6.2</td>
<td>6.7</td>
<td>9.8</td>
<td>8.4</td>
<td>5.7</td>
<td>9.6</td>
<td>7.7</td>
</tr>
</tbody>
</table>

Source: Household Survey, 2007

It may be observed in the table above (VI.6) that only about 53 percent of the household members aged 10 years and above are engaged in gainful economic
activities. While nearly 38 percent of the total population of this age-group were found engaged in non-gainful housework, which shows unemployment in disguise, about 2 percent were students. About 8 percent population of this age group were found unemployed. This also explains the alarmingly high incidence of poverty in the households under study. Most of those who are economically active were engaged in wage labour (20.4%) and agriculture/livestock (18.7%). Other economic activities undertaken include tradition-based family trades or crafts (4.9%), shop or petty trading (2.4%) and service (2.2%). Those who are working abroad mostly in India as labourers account for 4 percent of the total population aged 10 years and above.

There was a clear disparity in the economic activities of household members aged 10 years and above between the two districts. About 34 percent of the total population of this age-group was found engaged in non-gainful housework in Doti district whereas about 39 percent of the total population of this age-group found in as non-gainful housework in Rautahat district which is varies from 5 percent points. The proportion of population of students of this age group in Doti district was 2.6 percent, whereas students of this age group in only 1.8 percent in Rautahat district, which is, varies from about 0.8 percent point. It is interestingly found that unemployment people aged 10 years and above of Doti district (6.2%) was lower than Rautahat district (8.4%), which is, varies from 2.2 points.

There was disparity in the economic activities of household members aged 10 years and above between the rural and urban also existed. About 44 of total population of aged 10 years and above were found engaged in non-gainful housework in rural areas whereas about 51 percent of the total population of this age-group found in as non-gainful housework in urban areas which is varies from 7 percent points. The proportion of population of students of this age group in rural areas was 1.7 percent, whereas students of this age group in only 2.4 percent in urban areas, which is, varies from about 0.7 percent point. It is interestingly found that unemployment people aged 15 years and above of rural areas (5.7%) were lower than urban (9.6%) which is varies from 3.9 points.

Employment of households members aged 10 years and above by economic activity and gender is given in Table VI.7.
The above table (VI.7) shows that there exists distinct variation between the economic activity patterns of men and women. To begin with, the proportion of the population reported as unemployed was 8.3 percent among women vis-à-vis 7.1 percent among men. On the contrary, the proportion of women population obsessed in housework was 73.3 percent of the total as compared to a meager proportion of 4.9 percent among male population. Likewise, the proportion of student population was 1.1 percent for women as compared to 3 percent for men. Whereas 7.1 percent of the male population was working abroad, the corresponding proportion for women population was quite negligible (0.6%). This shows that while the engagement of men are higher in earning and learning women are more engaged in household chores. This is a clear indication that women are more afflicted by poverty than men. However, a larger proportion of both men and women who are economically active are engaged in wage labour and agriculture. Despite some differences in specific proportions, the
overall pattern of economic activity of men and women remains the same in both Doti and Rautahat districts. However, the incidence of unemployment is slightly higher among men than among women in Doti (by 0.4%), whereas in Rautahat unemployment among women is higher than that among men by 1.9 percentage points.

- **Household Indebtedness**

  In many cases, household expenditure exceeds household income. This has forced many households to fall into the trap of indebtedness. Poverty has compelled a large number of poor families to borrow even to meet their survival needs. The status of household borrowing in the household under study is given in Table VI.8

<table>
<thead>
<tr>
<th>Borrowed Loan</th>
<th>Doti Rural</th>
<th>Doti Urban</th>
<th>Doti Total</th>
<th>Rautahat Rural</th>
<th>Rautahat Urban</th>
<th>Rautahat Total</th>
<th>Total Rural</th>
<th>Total Urban</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>66</td>
<td>30</td>
<td>96</td>
<td>96</td>
<td>95</td>
<td>191</td>
<td>162</td>
<td>125</td>
<td>287</td>
</tr>
<tr>
<td>No</td>
<td>27</td>
<td>21</td>
<td>48</td>
<td>39</td>
<td>56</td>
<td>95</td>
<td>66</td>
<td>77</td>
<td>143</td>
</tr>
</tbody>
</table>

Source: Household Survey, 2007

It may be observed from the table above (VI.8) that two-thirds of the total households (287 out of 430 households) had taken loans from different sources. Out of 287 households recording incidence of indebtedness, 162 households are rural and 125 households are urban. It shows that indebtedness is a characteristic of a poor household – rural or urban.

Incidence of indebtedness of the households by district and rural and urban area is reported in Table VI.9.
As shown in Table VI.9, the average size of loan taken by the households was Rs. 16,519 per household, which varies from a low of Rs. 5000 or less (13 cases) to a high of more than Rs. 50,000 (5 cases).

The study has also tried to find out the purposes of household borrowing. In conformity with the general economic characteristics of the poor households, the households under study were also found to have borrowed loans for a mix of purposes. The purposes of borrowing as reported by the respondents are given in Table VI.10.
Table VI. 10

Purpose of Borrowing of the Households by District and Rural and Urban Area
(Multiple Response) (In percentage)

<table>
<thead>
<tr>
<th>Purpose of borrowing</th>
<th>Doti Rural</th>
<th>Doti Urban</th>
<th>Doti Total</th>
<th>Rautahat Rural</th>
<th>Rautahat Urban</th>
<th>Rautahat Total</th>
<th>Total Rural</th>
<th>Total Urban</th>
<th>Total Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meeting daily needs of survival</td>
<td>95.5</td>
<td>83.3</td>
<td>91.7</td>
<td>80.2</td>
<td>68.4</td>
<td>74.3</td>
<td>86.4</td>
<td>72</td>
<td>80.1</td>
</tr>
<tr>
<td>Social customs (e.g. wedding, bratabandha etc)</td>
<td>69.7</td>
<td>60</td>
<td>66.7</td>
<td>66.7</td>
<td>66.7</td>
<td>66.7</td>
<td>67.9</td>
<td>52</td>
<td>61</td>
</tr>
<tr>
<td>Medical treatment</td>
<td>39.4</td>
<td>43.3</td>
<td>40.6</td>
<td>39.6</td>
<td>48.4</td>
<td>44</td>
<td>39.5</td>
<td>47.2</td>
<td>42.9</td>
</tr>
<tr>
<td>Education of Children</td>
<td>25.8</td>
<td>30</td>
<td>27.1</td>
<td>14.6</td>
<td>17.9</td>
<td>16.2</td>
<td>19.1</td>
<td>20.8</td>
<td>19.9</td>
</tr>
<tr>
<td>Others</td>
<td>3.0</td>
<td>6.7</td>
<td>4.2</td>
<td>15.6</td>
<td>16.6</td>
<td>16.2</td>
<td>10.5</td>
<td>14.4</td>
<td>12.2</td>
</tr>
<tr>
<td>Number of cases</td>
<td>66</td>
<td>30</td>
<td>96</td>
<td>96</td>
<td>191</td>
<td>162</td>
<td>125</td>
<td>287</td>
<td></td>
</tr>
</tbody>
</table>

Source: Household Survey, 2007

As shown in Table VI.10, above 80 percent of the households under study had borrowed money to meet their daily needs for survival. 61 percent households have also borrowed for social customs e.g. wedding, bratabandha, etc. and 43 percent for medical treatment. Nevertheless, about 20 percent respondents have borrowed loan for the education of their children. The magnitude and purposes of household borrowing also substantiate the existence of poverty in the surveyed households.

The disparity in purpose of borrowing exists between the rural and the urban household, but it is more pronounced between the Hill and the Tarai district. For instance, about 92 percent of the borrowing households in Doti borrowed for meeting daily needs of survival whereas it is about 74 percent in Rautahat district. But, the purpose of loan for education of children is above 27 percent in Doti district vis-a-vis about 20 percent in Rautahat district. It is interesting to note that despite higher incidence of borrowing both for meeting daily needs and educating children, the rate of dropout in Doti district is lower than that in Rautahat district. This is due to relatively higher parental awareness of the importance of education.

❄ HOUSEHOLD EXPENDITURE

The level and pattern of household expenditure indicates the standard of living of the people. The level of expenditure shows the resource inputs used by households during a given period to meet the needs of household members, whereas the pattern of
expenditure shows the allocation of the resources to different purposes such as food, clothing, housing, fuel, health, education, social customs, etc.

### Level of Household Expenditure

Household expenditure is the key determining factor in the standard of living of household members. It shows the capacity of a household to demand over goods and services required for the survival and progress of the household members. Therefore, this study has made an attempt to analyse the expenditure levels of the households under study. The level of annual household expenditure of the household by rural and urban is presented in Table VI.11

#### Table VI.11

<table>
<thead>
<tr>
<th>Expenditures (Rs)</th>
<th>Rural</th>
<th>Urban</th>
<th>Total</th>
<th>Rural</th>
<th>Urban</th>
<th>Total</th>
<th>Rural</th>
<th>Urban</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>10000-20000</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>20000-30000</td>
<td>10</td>
<td>10</td>
<td>20</td>
<td>9</td>
<td>7</td>
<td>16</td>
<td>19</td>
<td>17</td>
<td>36</td>
</tr>
<tr>
<td>30000-40000</td>
<td>29</td>
<td>10</td>
<td>39</td>
<td>34</td>
<td>26</td>
<td>60</td>
<td>63</td>
<td>36</td>
<td>99</td>
</tr>
<tr>
<td>40000-50000</td>
<td>23</td>
<td>7</td>
<td>30</td>
<td>21</td>
<td>33</td>
<td>54</td>
<td>44</td>
<td>40</td>
<td>84</td>
</tr>
<tr>
<td>50000-60000</td>
<td>12</td>
<td>13</td>
<td>25</td>
<td>32</td>
<td>33</td>
<td>65</td>
<td>44</td>
<td>46</td>
<td>90</td>
</tr>
<tr>
<td>60000-70000</td>
<td>8</td>
<td>5</td>
<td>13</td>
<td>16</td>
<td>18</td>
<td>34</td>
<td>24</td>
<td>23</td>
<td>47</td>
</tr>
<tr>
<td>70000-80000</td>
<td>6</td>
<td>4</td>
<td>10</td>
<td>14</td>
<td>14</td>
<td>28</td>
<td>20</td>
<td>18</td>
<td>38</td>
</tr>
<tr>
<td>80000-90000</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>8</td>
<td>5</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>90000-100000</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>6</td>
<td>8</td>
<td>3</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>100000 &amp; above</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>8</td>
<td>12</td>
<td>4</td>
<td>9</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>93</td>
<td>51</td>
<td>144</td>
<td>135</td>
<td>151</td>
<td>286</td>
<td>228</td>
<td>202</td>
<td>430</td>
</tr>
<tr>
<td>Highest</td>
<td>98000</td>
<td>112000</td>
<td>112000</td>
<td>149600</td>
<td>131000</td>
<td>149600</td>
<td>149600</td>
<td>131000</td>
<td>149600</td>
</tr>
<tr>
<td>Lowest</td>
<td>14000</td>
<td>19100</td>
<td>14000</td>
<td>20000</td>
<td>14500</td>
<td>14500</td>
<td>14000</td>
<td>14500</td>
<td>14000</td>
</tr>
<tr>
<td>Mean</td>
<td>45715</td>
<td>47076</td>
<td>46197</td>
<td>52847</td>
<td>55466</td>
<td>54230</td>
<td>49938</td>
<td>53348</td>
<td>51540</td>
</tr>
<tr>
<td>Median</td>
<td>42960</td>
<td>48000</td>
<td>43850</td>
<td>50700</td>
<td>52400</td>
<td>51250</td>
<td>47350</td>
<td>51000</td>
<td>49100</td>
</tr>
<tr>
<td>Standard deviation</td>
<td>15806</td>
<td>17961</td>
<td>16552</td>
<td>20611</td>
<td>20582</td>
<td>20601</td>
<td>19088</td>
<td>20242</td>
<td>19689</td>
</tr>
</tbody>
</table>

Source: Household Survey, 2007
As shown in Table VI.11, on an average, the level of household expenditure in 430 households amounts to Rs. 51,540, which varies between a low of Rs. 14,000 to a high of Rs. 149,600 per annum. The table shows that a 309 out of 430 household, which is about 72 percent of total households, registered an expenditure level ranging from N Rs. 20,000 to N Rs. 60,000 per year. Likewise, 4 households (0.9%) had an expenditure level of less than Rs. 10,000 per year, whereas the annual expenditure level in 13 households (3.0%) exceeded Rs. 100,000.

Rural-urban disparity was also evident in the level of expenditure. The average expenditure in rural households was Rs. 49,938 as compared to Rs. 53,348 in the case of urban households. The median value of household expenditure was Rs. 47,350 in rural households vis-à-vis Rs. 51,000 in urban households. Rural households have lower expenditure than their urban counterpart.

There was a clear disparity in the levels of household expenditure between the two districts. The average expenditure per year in Doti district was Rs. 46,197 lower by Rs. 8,033 than the average household expenditure in Rautahat district. Likewise, the average expenditure levels of rural and urban households in Doti were Rs. 45,715 and Rs. 47,076 which are lower than the corresponding expenditure levels of Rautahat amounting to Rs. 52,847 and Rs. 55,466 respectively. In terms of household expenditure, both rural and urban households of Doti, a hill district, look poorer than the households of Rautahat, a tarai district.

Per Capita Expenditure

Per capita household expenditure is a vital tool to analyse the standard of living and economic status of households. Annual per capita household expenditures of the household by rural and urban are reported in Table VI.12.
Table VI.12
Level of Annual Per capita Expenditures of the Household by Rural and Urban Area

<table>
<thead>
<tr>
<th>Per capita Expenditure (Rs.)</th>
<th>Doti</th>
<th>Rautahat</th>
<th>Total</th>
<th>Doti</th>
<th>Rautahat</th>
<th>Total</th>
<th>Doti</th>
<th>Rautahat</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 1000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1000-2000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2000-3000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>3000-4000</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>4000-5000</td>
<td>5</td>
<td>1</td>
<td>6</td>
<td>5</td>
<td>2</td>
<td>7</td>
<td>10</td>
<td>3</td>
<td>13</td>
</tr>
<tr>
<td>5000-6000</td>
<td>14</td>
<td>8</td>
<td>22</td>
<td>19</td>
<td>15</td>
<td>34</td>
<td>33</td>
<td>23</td>
<td>56</td>
</tr>
<tr>
<td>6000-7000</td>
<td>16</td>
<td>12</td>
<td>28</td>
<td>19</td>
<td>24</td>
<td>43</td>
<td>35</td>
<td>36</td>
<td>71</td>
</tr>
<tr>
<td>7000-8000</td>
<td>16</td>
<td>10</td>
<td>26</td>
<td>23</td>
<td>32</td>
<td>55</td>
<td>39</td>
<td>42</td>
<td>81</td>
</tr>
<tr>
<td>8000-9000</td>
<td>15</td>
<td>7</td>
<td>22</td>
<td>19</td>
<td>20</td>
<td>39</td>
<td>34</td>
<td>27</td>
<td>61</td>
</tr>
<tr>
<td>9000-10000</td>
<td>12</td>
<td>6</td>
<td>18</td>
<td>11</td>
<td>18</td>
<td>29</td>
<td>23</td>
<td>24</td>
<td>47</td>
</tr>
<tr>
<td>10000-11000</td>
<td>8</td>
<td>2</td>
<td>10</td>
<td>14</td>
<td>15</td>
<td>29</td>
<td>22</td>
<td>17</td>
<td>39</td>
</tr>
<tr>
<td>11000-12000</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>9</td>
<td>12</td>
<td>21</td>
<td>11</td>
<td>12</td>
<td>23</td>
</tr>
<tr>
<td>12000-13000</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>8</td>
<td>5</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>13000-14000</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>2</td>
<td>7</td>
<td>6</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>14000-15000</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>5</td>
<td>1</td>
<td>6</td>
<td>7</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>15000 &amp; above</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>5</td>
<td>7</td>
<td>2</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>93</td>
<td>51</td>
<td>144</td>
<td>135</td>
<td>151</td>
<td>286</td>
<td>228</td>
<td>202</td>
<td>430</td>
</tr>
</tbody>
</table>

Highest                      | 14900  | 15240    | 15240  | 17000   | 22250    | 22250  | 17000  | 22250    | 22250  |
Lowest                       | 3800   | 4833     | 3800   | 4167    | 2071     | 2071   | 3800   | 2071     | 2071   |
Mean                         | 7799.9 | 7914.0   | 7840.3 | 8580.1  | 8575.0   | 8577.4 | 8261.8 | 8408.1   | 8330.5 |
Median                       | 7422.9 | 7385.7   | 7404.0 | 8000.0  | 8000.0   | 8000.0 | 7788.9 | 7715.4   | 7740.4 |
Standard deviation           | 2175.8 | 2344.9   | 2229.6 | 2733.5  | 2663.5   | 2692.0 | 2545.0 | 2597.1   | 2567.7 |

Source: Household Survey, 2007
As shown in Table VI.12, on an average, the level of per capita expenditure in 430 households amounts to Rs. 8,331 which varies between a low of Rs. 2,071 to a high of Rs. 22,250 per annum. The median value of annual per capita expenditure is Rs. 7,740. The table shows that 208 out of 430 households, which are about 48 percent of total households, registered annual per capita expenditure level ranging from N Rs. 5,000 to N Rs. 8,000 per year. Likewise, 15 households (3.5%) had annual per capita expenditure level of less than Rs. 7,000 per year, whereas the annual per capita expenditure level in 8 households (1.9%) exceeded Rs. 15,000.

Rural-urban disparity was evident in the per capita level of expenditure. The average per capita expenditure in rural households was Rs. 8,262 as compared to Rs. 8,408 in the case of urban households. The median value of household per capita expenditure is Rs. 7,789 in rural households vis-à-vis Rs. 7,715 in urban households. Rural households have lower per capita expenditures than their urban counterpart.

There was a clear disparity in the levels of household per capita expenditure between the two districts. The average per capita expenditure per year in Doti district was Rs. 7,840 lower than Rautahat district (Rs. 8,577). Likewise, the average per capita expenditure levels of rural and urban households in Doti were Rs. 7,800 and Rs. 7,914 respectively, which are lower than the corresponding per capita expenditure levels of Rautahat amounting to Rs. 8,580 and Rs. 8,575 respectively. In terms of per capita expenditure of, both rural and urban households of Doti, a Hill district, look poorer than the households of Rautahat, a Tarai district.

Pattern of Household Expenditure

The pattern of expenditure shows the allocation of resources to different items and purposes. The pattern of household expenditure in the households is shown in Table VI.13.
Table VI.13

Percentage of Annual Household Expenditure on Items by Rural and Urban Area

<table>
<thead>
<tr>
<th>Expenditures Item</th>
<th>Doti Rural</th>
<th>Doti Urban</th>
<th>Doti Total</th>
<th>Rautahat Rural</th>
<th>Rautahat Urban</th>
<th>Rautahat Total</th>
<th>Total Rural</th>
<th>Total Urban</th>
<th>Total Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>64.6</td>
<td>59.1</td>
<td>62.6</td>
<td>64.3</td>
<td>63.4</td>
<td>63.8</td>
<td>64.4</td>
<td>62.4</td>
<td>63.4</td>
</tr>
<tr>
<td>Clothing</td>
<td>7.1</td>
<td>7.1</td>
<td>7.1</td>
<td>7.2</td>
<td>6.7</td>
<td>7.0</td>
<td>7.2</td>
<td>6.8</td>
<td>7.0</td>
</tr>
<tr>
<td>Fuel/electricity</td>
<td>3.1</td>
<td>3.4</td>
<td>3.2</td>
<td>3.8</td>
<td>3.8</td>
<td>3.8</td>
<td>3.5</td>
<td>3.7</td>
<td>3.6</td>
</tr>
<tr>
<td>Medical treatment/drugs</td>
<td>5.3</td>
<td>8.9</td>
<td>6.6</td>
<td>7.1</td>
<td>7.9</td>
<td>7.6</td>
<td>6.4</td>
<td>8.1</td>
<td>7.3</td>
</tr>
<tr>
<td>Education of children</td>
<td>3.8</td>
<td>4.1</td>
<td>3.9</td>
<td>2.3</td>
<td>2.4</td>
<td>2.3</td>
<td>2.8</td>
<td>2.8</td>
<td>2.8</td>
</tr>
<tr>
<td>House rent</td>
<td>0.2</td>
<td>0.0</td>
<td>0.1</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>House repair</td>
<td>0.6</td>
<td>0.2</td>
<td>0.5</td>
<td>3.1</td>
<td>2.3</td>
<td>2.6</td>
<td>2.2</td>
<td>1.8</td>
<td>2.0</td>
</tr>
<tr>
<td>Festivals/social customs</td>
<td>8.1</td>
<td>8.8</td>
<td>8.3</td>
<td>6.7</td>
<td>7.9</td>
<td>7.4</td>
<td>7.2</td>
<td>8.1</td>
<td>7.7</td>
</tr>
<tr>
<td>Cigarette/tobacco</td>
<td>3.9</td>
<td>4.3</td>
<td>4.0</td>
<td>2.5</td>
<td>2.3</td>
<td>2.4</td>
<td>3.1</td>
<td>2.8</td>
<td>2.9</td>
</tr>
<tr>
<td>Alcoholic drinks</td>
<td>3.2</td>
<td>4.2</td>
<td>3.6</td>
<td>2.4</td>
<td>2.9</td>
<td>2.7</td>
<td>2.7</td>
<td>3.2</td>
<td>3.0</td>
</tr>
<tr>
<td>Others</td>
<td>0.1</td>
<td>0.0</td>
<td>0.0</td>
<td>0.3</td>
<td>0.0</td>
<td>0.1</td>
<td>0.2</td>
<td>0.0</td>
<td>0.1</td>
</tr>
</tbody>
</table>

Source: Household Survey, 2007

As shown in Tables VI.13, the largest chunk of household expenditure is on food item - in both districts and in both rural and urban households. On the whole, spending on food constitutes 63.4 percent of the total expenditure, which varies from 62.4 percent in the urban to 64.4 percent in the rural households. Likewise expenditure on food item varies from 62.6 percent of the total household expenditure in Doti to 63.8 percent of the total household expenditure in Rautahat.

It was found that about 7 percent of the total household expenditure was spent on clothing and an almost equal proportion of expenditure was spent on health purposes. It is interesting that households spending on festivals and social customs as percentage of total expenditure exceeds the amount spent on clothing or health by about one percentage point. While basic needs such as food take away a large chunk of expenditures only about 3 percent of the household expenditure is spent on education. However, it is interestingly found that the expenditure on education in Tarai and Hill district varies from as low 2.3 percent in Rautahat and as high 3.9 percent in Doti by 1.6 percent point. Meanwhile, a significant proportion of expenditure was made on alcohol/tobacco – about 6 percent of the total expenditure in both rural – urban and Hill – Tarai households. Household expenditure on housing (house repairing/house rent) was found only 2.3 percent of total expenditure.

The pattern of household expenditure has been depicted through the pie diagrams given below:
Education Expenditure

Despite the free primary education policy of the Government of Nepal, parents have to spend money on different types of education-related items such as school uniform, stationery, footwear, sports, tiffin and others. Therefore, this study has also attempted to analyse household expenditure on education. Out of 430 households
surveyed, there are no school-going children in 184 households after the children of these households had dropped out from primary school. No expenditure on education is being incurred in these households as children from these households have either dropped school or have not been enrolled. Therefore, this analysis is based on educational expenditures of 246 households which still have school-going children and are so spending money on their children’s education. Annual education expenditure of households shows the total education expenditure of household per year. Annual educational expenditure of surveyed households by location is shown in Table VI.14.

Table VI.14
Annual Educational Expenditure of the Households by Rural and Urban Area

<table>
<thead>
<tr>
<th>Education Expenditure (Rs.)</th>
<th>Doti Rural</th>
<th>Doti Urban</th>
<th>Doti Total</th>
<th>Rautahat Rural</th>
<th>Rautahat Urban</th>
<th>Rautahat Total</th>
<th>Total Rural</th>
<th>Total Urban</th>
<th>Total</th>
<th>Sub Total</th>
<th>None Rural</th>
<th>None Urban</th>
<th>None Total</th>
<th>Highest Educational Expenditure (Rs.)</th>
<th>Lowest Educational Expenditure (Rs.)</th>
<th>Mean Educational Expenditure (Rs.)</th>
<th>Median Educational Expenditure (Rs.)</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 1000</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>5</td>
<td>7</td>
<td>12</td>
<td>5</td>
<td>9</td>
<td>14</td>
<td>31</td>
<td>16</td>
<td>47</td>
<td>97</td>
<td>149</td>
<td>2619</td>
<td>2619</td>
<td>2173</td>
<td>1311</td>
</tr>
<tr>
<td>1000-2000</td>
<td>17</td>
<td>8</td>
<td>25</td>
<td>28</td>
<td>15</td>
<td>43</td>
<td>45</td>
<td>23</td>
<td>68</td>
<td>61</td>
<td>76</td>
<td>137</td>
<td>100</td>
<td>184</td>
<td>2200</td>
<td>2173</td>
<td>2200</td>
<td>1471</td>
</tr>
<tr>
<td>2000-3000</td>
<td>24</td>
<td>11</td>
<td>35</td>
<td>23</td>
<td>25</td>
<td>48</td>
<td>47</td>
<td>36</td>
<td>83</td>
<td>74</td>
<td>75</td>
<td>149</td>
<td>110</td>
<td>246</td>
<td>2561</td>
<td>2419</td>
<td>2376</td>
<td>1733</td>
</tr>
<tr>
<td>3000-4000</td>
<td>14</td>
<td>6</td>
<td>20</td>
<td>11</td>
<td>13</td>
<td>24</td>
<td>25</td>
<td>19</td>
<td>44</td>
<td>61</td>
<td>76</td>
<td>137</td>
<td>100</td>
<td>240</td>
<td>2400</td>
<td>2400</td>
<td>2400</td>
<td>1471</td>
</tr>
<tr>
<td>4000-5000</td>
<td>3</td>
<td>2</td>
<td>5</td>
<td>6</td>
<td>5</td>
<td>11</td>
<td>9</td>
<td>7</td>
<td>16</td>
<td>31</td>
<td>16</td>
<td>47</td>
<td>97</td>
<td>149</td>
<td>2619</td>
<td>2173</td>
<td>2200</td>
<td>1356</td>
</tr>
<tr>
<td>5000-6000</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>0</td>
<td>8</td>
<td>8</td>
<td>0</td>
<td>11</td>
<td>11</td>
<td>93</td>
<td>51</td>
<td>144</td>
<td>135</td>
<td>286</td>
<td>228</td>
<td>2200</td>
<td>2200</td>
<td>1560</td>
</tr>
<tr>
<td>6000-7000</td>
<td>3</td>
<td>2</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>2</td>
<td>5</td>
<td>31</td>
<td>16</td>
<td>47</td>
<td>97</td>
<td>149</td>
<td>2619</td>
<td>2173</td>
<td>2200</td>
<td>1356</td>
</tr>
<tr>
<td>7000 &amp; above</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>93</td>
<td>51</td>
<td>144</td>
<td>135</td>
<td>286</td>
<td>228</td>
<td>2200</td>
<td>2200</td>
<td>1560</td>
</tr>
</tbody>
</table>

Source: Household Survey, 2007
As shown in Tables VI.14, on an average, annual household education expenditure amounts to Rs. 2,527 per household, which varies between a low of Rs. 500 to a high of Rs. 10,000 per annum. The table shows that 195 out of 246 households, which is about 79 percent of total households, registered annual education expenditure level ranging from N Rs. 1,000 to N Rs. 4,000 per year. Likewise, 14 households (5.7%) had annual education expenditure less than Rs. 1,000 per year, whereas the annual education expenditure level in 5 households (2.0%) exceeded Rs. 7,000.

Rural-urban disparity was evident in the education expenditure. The average education expenditure in rural households was Rs. 2,376 as compared to Rs. 2,713 in the case of urban households. Rural households have lower education expenditures than their urban counter-parts.

There was a clear disparity in the levels of household education expenditure between the two districts. The average education expenditure per year in Rautahat district was Rs. 2,419, which is lower than the average expenditure of Rs. 2692 in Doti district. Likewise, the average education expenditure levels of rural and urban households in Rautahat were Rs. 2,173 and Rs. 2,663 respectively which are lower than the corresponding education expenditure levels of Doti amounting to Rs. 2,619 and Rs. 2,820 respectively. Education expenditures of both rural and urban households of Rautahat, a tarai district, are lower than the households of Doti, a hill district.

The annual educational expenditure has been depicted through the bar diagrams figure number VI.5 below:
Fig. VI.5
Annual Educational Expenditure
Education Expenditure as Percentage of Household Income

Educational expenditure in total household income is reported in Table VI.15.

Table VI.15

Percentage of Educational Expenditure in Total Household Income by Rural and Urban

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Doti Rural</th>
<th>Doti Urban</th>
<th>Doti Total</th>
<th>Rautahat Rural</th>
<th>Rautahat Urban</th>
<th>Rautahat Total</th>
<th>Total Rural</th>
<th>Total Urban</th>
<th>Total Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>1-2</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>7</td>
<td>8</td>
<td>15</td>
<td>9</td>
<td>9</td>
<td>18</td>
</tr>
<tr>
<td>2-3</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>8</td>
<td>6</td>
<td>14</td>
<td>10</td>
<td>9</td>
<td>19</td>
</tr>
<tr>
<td>3-4</td>
<td>7</td>
<td>2</td>
<td>9</td>
<td>11</td>
<td>10</td>
<td>21</td>
<td>18</td>
<td>12</td>
<td>30</td>
</tr>
<tr>
<td>4-5</td>
<td>5</td>
<td>3</td>
<td>8</td>
<td>9</td>
<td>9</td>
<td>18</td>
<td>14</td>
<td>12</td>
<td>26</td>
</tr>
<tr>
<td>5-6</td>
<td>9</td>
<td>8</td>
<td>17</td>
<td>9</td>
<td>6</td>
<td>15</td>
<td>18</td>
<td>14</td>
<td>32</td>
</tr>
<tr>
<td>6-7</td>
<td>6</td>
<td>6</td>
<td>12</td>
<td>4</td>
<td>4</td>
<td>8</td>
<td>10</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>7-8</td>
<td>6</td>
<td>1</td>
<td>7</td>
<td>6</td>
<td>9</td>
<td>15</td>
<td>12</td>
<td>10</td>
<td>22</td>
</tr>
<tr>
<td>8-9</td>
<td>5</td>
<td>3</td>
<td>8</td>
<td>3</td>
<td>7</td>
<td>10</td>
<td>8</td>
<td>10</td>
<td>18</td>
</tr>
<tr>
<td>9-10</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>10-11</td>
<td>3</td>
<td>2</td>
<td>5</td>
<td>3</td>
<td>5</td>
<td>8</td>
<td>6</td>
<td>7</td>
<td>13</td>
</tr>
<tr>
<td>11-12</td>
<td>3</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>6</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>12-13</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>8</td>
<td>6</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>13-14</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>14-15</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>15-16</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>16-17</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>17-18</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>18-19</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>3</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>19-20</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>20 &amp; above</td>
<td>5</td>
<td>1</td>
<td>6</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>7</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>62</strong></td>
<td><strong>35</strong></td>
<td><strong>97</strong></td>
<td><strong>74</strong></td>
<td><strong>75</strong></td>
<td><strong>149</strong></td>
<td><strong>136</strong></td>
<td><strong>110</strong></td>
<td><strong>246</strong></td>
</tr>
<tr>
<td><strong>Highest</strong></td>
<td><strong>33.3</strong></td>
<td><strong>20.0</strong></td>
<td><strong>33.3</strong></td>
<td><strong>38.9</strong></td>
<td><strong>38.9</strong></td>
<td><strong>38.9</strong></td>
<td><strong>38.9</strong></td>
<td><strong>38.9</strong></td>
<td><strong>38.9</strong></td>
</tr>
<tr>
<td><strong>Lowest</strong></td>
<td><strong>1.6</strong></td>
<td><strong>1.6</strong></td>
<td><strong>1.6</strong></td>
<td><strong>0.7</strong></td>
<td><strong>0.9</strong></td>
<td><strong>0.7</strong></td>
<td><strong>0.7</strong></td>
<td><strong>0.9</strong></td>
<td><strong>0.7</strong></td>
</tr>
</tbody>
</table>

Source: Household Survey, 2007

Table VI.15 reveals that the highest individual educational expenditure in total household income was 38.9 percent whereas lowest individual educational expenditure in total household income was 0.7 percent in study area. However, the educational expenditure in total household income ranging from 1 to 9 percent in total
household income was above 75 percent.

Out of 246 households highest 32 households spend on educational expenditure in total household income ranging from 5 to 6 percent, which accounts for 13 percent of educational expenditure as a percentage of total household income.

Educational expenditure in total household income has been depicted through the pie diagrams.

**Fig. VI.6**

**Percentage of Educational Expenditure in Total Household Income**

**Doti**

- <5: 14%
- 6 to 10: 6%
- 11 to 15: 4%
- 16 to 20: 26%
- 20 & above: 50%

**Rautahat**

- <5: 34%
- 6 to 10: 13%
- 11 to 15: 3%
- 16 to 20: 2%
- 20 & above: 48%

**Doti and Rautahat**

- <5: 14%
- 6 to 10: 3%
- 11 to 15: 4%
- 16 to 20: 39%
- 20 & above: 40%
Per Student Education Expenditure

The educational cost per school-going child was calculated on the basis of the educational expenditures of the 246 households having currently school-going children at the time of survey. For this purpose, the remaining 184 households which had no school-going child left after the dropout of the ones attending school were excluded. Spending on education per child is show the real picture of household expenditure on education. Educational expenditure per school going children of the household by rural and urban area is given in table VI.16

Table VI.16
Educational Expenditure per School going Child of Household under Study by Rural and Urban Area

<table>
<thead>
<tr>
<th>Per capita Educational Exp. (Rs.)</th>
<th>Doti</th>
<th>Rautahat</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rural</td>
<td>Urban</td>
<td>Total</td>
</tr>
<tr>
<td>&lt; 500</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>500-1000</td>
<td>8</td>
<td>7</td>
<td>15</td>
</tr>
<tr>
<td>1000-1500</td>
<td>20</td>
<td>8</td>
<td>28</td>
</tr>
<tr>
<td>1500-2000</td>
<td>8</td>
<td>7</td>
<td>15</td>
</tr>
<tr>
<td>2000-2500</td>
<td>9</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>2500-3000</td>
<td>6</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>3000-3500</td>
<td>5</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>3500-4000</td>
<td>3</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>4000-4500</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>4500-5000</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>5000 &amp; above</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Sub Total</td>
<td>62</td>
<td>35</td>
<td>97</td>
</tr>
<tr>
<td>None</td>
<td>31</td>
<td>16</td>
<td>47</td>
</tr>
<tr>
<td>Total</td>
<td>93</td>
<td>51</td>
<td>144</td>
</tr>
<tr>
<td>Highest</td>
<td>6000</td>
<td>8400</td>
<td>8400</td>
</tr>
<tr>
<td>Lowest</td>
<td>500</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>Mean</td>
<td>1889</td>
<td>1830</td>
<td>1868</td>
</tr>
<tr>
<td>Median</td>
<td>1550</td>
<td>1500</td>
<td>1500</td>
</tr>
<tr>
<td>Standard deviation</td>
<td>1103</td>
<td>1443</td>
<td>1230</td>
</tr>
</tbody>
</table>

Source: Household Survey, 2007

It may be observed from the table above (VI.16) that on an average, the level of per student education expenditure in 246 households amounts to Rs. 1,786 which
varies between a low of Rs. 175 to a high of Rs. 9,600 per annum. The median value of annual per student education expenditure is Rs. 1,500. The table shows that 176 out of 246 households, which is about 72 percent of total households, registered annual per student education expenditure level ranging from N Rs. 500 to N Rs. 2,500 per year. Likewise, 9 households (3.7%) had annual per student education expenditure level of less than Rs. 500 per year, whereas the annual per student education expenditure level in 7 households (2.8%) exceeded Rs. 5,000.

Rural-urban disparity was evident in the per student education expenditure. The average per student education expenditure in rural households was Rs. 1,791 as compared to Rs. 1,780 in the case of urban households. The median value of household per student education expenditure is Rs. 1,500 in rural household vis-à-vis Rs. 1,500 in urban households. Both rural and urban households have approximately same level per student education expenditure.

There was a clear disparity in the levels of household per student education expenditure between the two districts. The average per student education expenditure per year in Rautahat district was Rs. 1,733 lower than Doti district (Rs. 1,868). Likewise, the average per student education expenditure levels of rural and urban households in Rautahat were Rs. 1,710 and Rs. 1,756 respectively which are lower than the corresponding per student education expenditure levels of Doti amounting to Rs. 1,889 and Rs. 1,830 respectively. In terms of per student education expenditure of both rural and urban households of Rautahat, a Tarai district, look poorer than the households of Doti, a Hill district.

Educational expenditure as a percentage of total household expenditure in these 246 households is given in Table VI.17
It may be observed from the table above (VI.17) that on an average, the education expenditure as a percentage of total household expenditure in 246 households amounts to 3.3 percent, which varies between a low of 0.7 percent to a high of 14.6 percent per annum. The table shows that 190 out of 246 households,
which are about 77 percent of total households, registered annual education expenditure as a percentage of total household expenditure ranging from 1 to 7 percent per year. Likewise, 2 households (0.8%) had annual education expenditure as a percentage of total household expenditure of less than 1 percent per year, whereas the annual education expenditure as a percentage of total household expenditure in 9 households (3.7%) exceeded 10 percent.

The average education expenditure as a percentage of total household expenditure both in rural and urban households was over 3 percent of the total households. There was a clear disparity in the education expenditure as a percentage of total household expenditure between the two districts. The average education expenditure as a percentage of total household expenditure per year in Rautahat district was 2.7 percent, which is lower than that of Doti district (4.8%). Likewise, the average education expenditure as a percentage of total household expenditure of rural and urban households in Rautahat are same (2.7%) which are lower than the corresponding education expenditure as a percentage of total household expenditure levels of Doti amounting to 5 percent and 4.4 percent respectively. In terms of education expenditure as a percentage of total household expenditure, households of Rautahat, a tarai district, look poorer than the households of Doti, a hill district.

Education Expenditure Per School Going Child

The educational cost per primary school-going child is calculated on the basis of the educational expenditures of the 205 households having currently school-going children at the time of survey. For this purpose, the remaining 225 households, which had no primary school-going child, left after the dropout of the ones attending school were excluded. Education expenditure per school going child is reported in Table VI.18.
It may be observed from the table above (VI.18) that on average, the level of educational expenditure per primary school going children in 205 households amounts to Rs. 1,828 which varies between a low of Rs. 250 to a high of Rs. 1,828 per annum. The table shows that 148 out of 205 households, which are about 72 percent of total households, registered annual educational expenditure per primary school going children level ranging from N Rs. 500 to N Rs. 2,500 per year. Likewise, 5 households (2.4%) had annual educational expenditure per primary school going children level of less than Rs. 500 per year, whereas the annual educational expenditure per primary school going children level in 6 households (2.9%) exceeded Rs. 5,000.

Rural-urban disparity was not greatly evident in the educational expenditure per primary school going children. The average educational expenditure per primary school going children in rural households was Rs. 1,820 as compared to Rs. 1,838 in the case of urban households. But, there was a clear disparity in the levels of household educational expenditure per primary school going children between the two districts. The average educational expenditure per primary school going children per
.... Analysis and Interpretation of Data - II

year in Rautahat district was Rs. 1816, lower than that of Doti district (Rs. 1,846). Likewise, the average educational expenditure per primary school going children in rural and urban households in Rautahat are Rs. 1,770 and Rs. 1,863 respectively which are lower than the corresponding educational expenditure per primary school going children in Doti amounting to Rs. 1,880 and Rs. 1,780 respectively. In terms of educational expenditure per primary school going children of, both rural and urban households of Rautahat, a tarai district, look poorer than the households of Doti, a hill district.

Educational expenditure per school going children has been depicted through the pie diagrams.

Fig. VI.7
Educational Expenditure Per School Going Children
Education Expenditure Per Primary School-Going Boys and Girls

Situation of gender disparity in household spending on education is informed by status of educational expenditure per primary school going girl or boy. Educational expenditure per primary school going girl and boy is presented in Table VI.19.

Table VI.19
Educational Expenditure per Primary School going Boys and Girls by District (In %)

<table>
<thead>
<tr>
<th>Per student Expenditure (Rs.)</th>
<th>Doti</th>
<th>Rautahat</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Boys</td>
<td>Girls</td>
<td>Boys</td>
</tr>
<tr>
<td>Below 500</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>500-1000</td>
<td>10</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>1000-1500</td>
<td>29</td>
<td>24</td>
<td>15</td>
</tr>
<tr>
<td>1500-2000</td>
<td>20</td>
<td>16</td>
<td>18</td>
</tr>
<tr>
<td>2000-2500</td>
<td>12</td>
<td>16</td>
<td>22</td>
</tr>
<tr>
<td>2500-3000</td>
<td>12</td>
<td>12</td>
<td>17</td>
</tr>
<tr>
<td>3000-3500</td>
<td>10</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>3500-4000</td>
<td>0</td>
<td>16</td>
<td>6</td>
</tr>
<tr>
<td>4000-4500</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>4500-5000</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>5000 &amp; above</td>
<td>5</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

| Highest                       | 8400   | 3600     | 9600    | 5000   | 9600    | 5000   |
| Lowest                        | 500    | 667      | 250     | 800    | 250     | 667    |
| Mean/Average                  | 2043   | 1929     | 2011    | 1711   | 2022    | 1827   |

Source: Household Survey, 2007

Table VI.19 represents those households whose girls and boys attained only primary grades. It may be observed from the table above (VI.19) that on the whole, average spending per girl child at primary level is N Rs. 1,827 per annum as
compared to Rs. 2022 spent per primary-school-going boy. There exists a strong
evidence of gender disparity in educational expenditure per primary school going
children between the hill and the tarai district. For instance, the average spending per
girl child at primary level in Doti district is N Rs. 1,929, which is less than Rs. 2043,
spent per boy. Likewise, the average spending per girl child at primary level of tarai
(Rautahat) district is N Rs. 1,711, which is less than the spending per boy of N Rs.
2,011. It is interestingly found that even with a small difference in spending on
primary education between boys and girls in hill district there is no disparity in
dropout rate between boys and girls. But in the case of tarai district there are great
disparities both in spending on primary education and dropout rates between boys and
girls.

- **Household Expenditure on Alcohol and Tobacco**

Despite the economic constraints in poor households most of the family spent
money on alcohol and tobacco. These expenses affect the attending school of children
especially in poor households. Household expenditure pattern spending on alcohol
and tobacco is given in Table VI. 20.

<table>
<thead>
<tr>
<th>Expenditure (%)</th>
<th>Doti Rural</th>
<th>Doti Urban</th>
<th>Doti Total</th>
<th>Rautahat Rural</th>
<th>Rautahat Urban</th>
<th>Rautahat Total</th>
<th>Total Rural</th>
<th>Total Urban</th>
<th>Total Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;5</td>
<td>21</td>
<td>5</td>
<td>26</td>
<td>34</td>
<td>55</td>
<td>89</td>
<td>55</td>
<td>60</td>
<td>115</td>
</tr>
<tr>
<td>5-10</td>
<td>28</td>
<td>25</td>
<td>53</td>
<td>41</td>
<td>43</td>
<td>84</td>
<td>69</td>
<td>68</td>
<td>137</td>
</tr>
<tr>
<td>10-15</td>
<td>18</td>
<td>9</td>
<td>27</td>
<td>5</td>
<td>17</td>
<td>22</td>
<td>23</td>
<td>26</td>
<td>49</td>
</tr>
<tr>
<td>15-20</td>
<td>4</td>
<td>4</td>
<td>8</td>
<td>6</td>
<td>2</td>
<td>8</td>
<td>10</td>
<td>6</td>
<td>16</td>
</tr>
<tr>
<td>20-25</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>25 &amp; above</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Sub Total</td>
<td>73</td>
<td>44</td>
<td>117</td>
<td>90</td>
<td>120</td>
<td>210</td>
<td>163</td>
<td>164</td>
<td>327</td>
</tr>
<tr>
<td>No Expenditure</td>
<td>20</td>
<td>7</td>
<td>27</td>
<td>45</td>
<td>31</td>
<td>76</td>
<td>65</td>
<td>38</td>
<td>103</td>
</tr>
<tr>
<td>Total</td>
<td>93</td>
<td>51</td>
<td>144</td>
<td>135</td>
<td>151</td>
<td>286</td>
<td>228</td>
<td>202</td>
<td>430</td>
</tr>
<tr>
<td>Highest (%)</td>
<td>27.5</td>
<td>28.3</td>
<td>28.3</td>
<td>27.1</td>
<td>33.0</td>
<td>33.0</td>
<td>27.5</td>
<td>33.0</td>
<td>33.0</td>
</tr>
<tr>
<td>Lowest (%)</td>
<td>1.3</td>
<td>2.1</td>
<td>1.3</td>
<td>1.4</td>
<td>0.5</td>
<td>0.5</td>
<td>1.3</td>
<td>0.5</td>
<td>0.5</td>
</tr>
</tbody>
</table>

Source: Household Survey, 2007

It may be observed from the table above (VI.20) that out of 327 households, 252
households spent money on alcohol and tobacco up to 10 percent of total expenditure
which accounts for about 76 percent of total households. About 24 percent households do not take alcohol and tobacco.

**WHAT DO THE CHILDREN DO AFTER THEY DROPOUT FROM PRIMARY SCHOOL?**

What the children do after they dropout from school also indicates the causes of dropout. Therefore, the parents of the dropout children were also asked to relate the present activity status of the dropout children. Activities status of primary school dropout children as reported by parents is given in Table VI.21

### Table VI. 21

**Activity Status of Primary School Dropout Children as reported by Parents**

<table>
<thead>
<tr>
<th>Activities</th>
<th>Doti Rural</th>
<th>Doti Urban</th>
<th>Doti Total</th>
<th>Rautahat Rural</th>
<th>Rautahat Urban</th>
<th>Rautahat Total</th>
<th>Total Rural</th>
<th>Total Urban</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Helping father in his IGA</td>
<td>5</td>
<td>4</td>
<td>9</td>
<td>32</td>
<td>22</td>
<td>54</td>
<td>37</td>
<td>26</td>
<td>63</td>
</tr>
<tr>
<td>Helping mother in her IGA</td>
<td>8</td>
<td>2</td>
<td>10</td>
<td>13</td>
<td>3</td>
<td>16</td>
<td>21</td>
<td>5</td>
<td>26</td>
</tr>
<tr>
<td>Helping father in housework</td>
<td>14</td>
<td>11</td>
<td>25</td>
<td>26</td>
<td>35</td>
<td>61</td>
<td>40</td>
<td>46</td>
<td>86</td>
</tr>
<tr>
<td>Helping mother in housework</td>
<td>20</td>
<td>13</td>
<td>33</td>
<td>26</td>
<td>34</td>
<td>60</td>
<td>46</td>
<td>47</td>
<td>93</td>
</tr>
<tr>
<td>Earning money for the family</td>
<td>7</td>
<td>6</td>
<td>13</td>
<td>6</td>
<td>5</td>
<td>11</td>
<td>13</td>
<td>11</td>
<td>24</td>
</tr>
<tr>
<td>Taking care of siblings</td>
<td>10</td>
<td>4</td>
<td>14</td>
<td>6</td>
<td>10</td>
<td>16</td>
<td>16</td>
<td>14</td>
<td>30</td>
</tr>
<tr>
<td>Run away from home</td>
<td>15</td>
<td>5</td>
<td>20</td>
<td>4</td>
<td>4</td>
<td>8</td>
<td>19</td>
<td>9</td>
<td>28</td>
</tr>
<tr>
<td>Staying elsewhere</td>
<td>5</td>
<td>4</td>
<td>9</td>
<td>12</td>
<td>7</td>
<td>19</td>
<td>17</td>
<td>11</td>
<td>28</td>
</tr>
<tr>
<td>Sitting idle</td>
<td>9</td>
<td>0</td>
<td>9</td>
<td>10</td>
<td>31</td>
<td>41</td>
<td>19</td>
<td>31</td>
<td>50</td>
</tr>
<tr>
<td>Do not have any idea</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>93</strong></td>
<td><strong>51</strong></td>
<td><strong>144</strong></td>
<td><strong>135</strong></td>
<td><strong>151</strong></td>
<td><strong>286</strong></td>
<td><strong>228</strong></td>
<td><strong>202</strong></td>
<td><strong>430</strong></td>
</tr>
</tbody>
</table>

Source: Household Survey, 2007

As shown by Table VI.21, nearly one-third of the households surveyed have admitted that the dropout children were engaged in income generating activity directly. For the purpose of triangulation, focused-group discussions were held with 54 selected dropout children (Annex D3). Their responses are reported in Table VI.22.
### Table VI.22
Activity Status of Dropout Children as reported by Children (In percentage)

<table>
<thead>
<tr>
<th>Activities</th>
<th>Doti Rural</th>
<th>Doti Urban</th>
<th>Doti Total</th>
<th>Rautahat Rural</th>
<th>Rautahat Urban</th>
<th>Rautahat Total</th>
<th>Total Rural</th>
<th>Total Urban</th>
<th>Total Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Helping father in his IGA</td>
<td>16.7</td>
<td>22.2</td>
<td>19</td>
<td>27.8</td>
<td>33.3</td>
<td>29.6</td>
<td>22.2</td>
<td>27.8</td>
<td>24.1</td>
</tr>
<tr>
<td>Helping father in housework</td>
<td>11.1</td>
<td>0</td>
<td>7.4</td>
<td>11.1</td>
<td>11.1</td>
<td>11.1</td>
<td>11.1</td>
<td>5.6</td>
<td>9.3</td>
</tr>
<tr>
<td>Helping mother in housework</td>
<td>5.6</td>
<td>11.1</td>
<td>7.4</td>
<td>16.7</td>
<td>22.2</td>
<td>18.5</td>
<td>11.1</td>
<td>16.7</td>
<td>13</td>
</tr>
<tr>
<td>Earning money for the family</td>
<td>16.7</td>
<td>22.2</td>
<td>19</td>
<td>27.8</td>
<td>22.2</td>
<td>25.9</td>
<td>22.2</td>
<td>22.2</td>
<td>22.2</td>
</tr>
<tr>
<td>Staying elsewhere</td>
<td>22.2</td>
<td>22.2</td>
<td>22</td>
<td>5.6</td>
<td>0</td>
<td>3.7</td>
<td>13.9</td>
<td>11.1</td>
<td>13</td>
</tr>
<tr>
<td>Taking care of siblings</td>
<td>5.6</td>
<td>0</td>
<td>3.7</td>
<td>5.6</td>
<td>0</td>
<td>3.7</td>
<td>5.6</td>
<td>0</td>
<td>3.7</td>
</tr>
<tr>
<td>Sitting idle</td>
<td>22.2</td>
<td>22.2</td>
<td>22</td>
<td>5.6</td>
<td>11.1</td>
<td>7.4</td>
<td>13.9</td>
<td>16.7</td>
<td>14.8</td>
</tr>
</tbody>
</table>

Source: Household Survey, 2007

As reported by the dropout children, more than 46 percent of them were economically supporting their parents (helping father in his IGA and earning money for the family). This establishes that economic hardship of the households is a very important cause of dropout in primary school. Household economic status has a strong say in dropout and retention in primary education.

Why children dropout from school: The first reason of dropout as stated by parents, dropout children and teachers, which is reported in Chart VI.1
## Chart VI.1

**Reason of Dropout as Stated by Parents, Teacher and Dropout Children**

<table>
<thead>
<tr>
<th>Respondents</th>
<th>More recurrent responses</th>
<th>Moderately recurrent responses</th>
<th>Less recurrent responses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What parents say</strong></td>
<td>lack of money to pay school expenses</td>
<td>Careless of teacher</td>
<td>Peer group influence</td>
</tr>
<tr>
<td></td>
<td>Household poverty, needing children for IGA</td>
<td>Parents required to take up additional housework, loosing time for IGA</td>
<td>Inability to pay for school dress</td>
</tr>
<tr>
<td></td>
<td>Children needed for housework</td>
<td>No guarantee of employment</td>
<td>Lack of incentive programme</td>
</tr>
<tr>
<td><strong>What teachers say</strong></td>
<td>Low parental priority for children's schooling (parental carelessness)</td>
<td>Lack of child interest in study</td>
<td>Lack of parent-teacher relationship &amp; follow-up of dropouts</td>
</tr>
<tr>
<td></td>
<td>Parental unawareness of the value of education</td>
<td>Lack of incentive programme</td>
<td>Peer influence</td>
</tr>
<tr>
<td></td>
<td>Children needed to work at home</td>
<td>Late entry into school &amp; over age</td>
<td>Domestic problem</td>
</tr>
<tr>
<td><strong>What dropout children say</strong></td>
<td>They are needed to work at home.</td>
<td>Unattractive school environment &amp; facilities (School environment not joyful)</td>
<td>Not able to student what teacher were taught</td>
</tr>
<tr>
<td></td>
<td>They are needed to earn money.</td>
<td>No one at home to help in study</td>
<td>Lack of uniform</td>
</tr>
<tr>
<td></td>
<td>They cannot meet school-related expenses.</td>
<td>Look after the younger siblings</td>
<td>Grade failure</td>
</tr>
</tbody>
</table>


**RESUME**

The foregoing discussion clearly indicates that household poverty and economic hardships are important reasons behind the high dropout and low retention of children in primary education. The economic characteristics of the households of dropout children presented above clearly show that those unfortunate children hail from poor families. They are either landless or are very small farmers. Their incomes are low and insecure; their sources of livelihood are a mix of irregular activities,
consisting mostly of tilling small plots of land, working as wage labourers at home and abroad, and, to some extent, as lowly paid employees or petty traders. A large majority of them have to borrow even to meet the bare needs of survival. Treatment of illness and celebration of social rituals are almost impossible to be done without falling in new debts, further worsening the economic hardships. Under the circumstances, it is not surprising that the amount of money spent on the education of children is quite low. But, for meeting even such meager education expenditures, many families have to resort to borrowing.

The economic hardships of the families have made it difficult for them to meet expenditures associated with the schooling of children. This affects the quality of learning on the one hand and motivation of children on the other. Both of these effects lead to poor performance irregular attendance at school and, eventually, to dropout from school. Moreover, children are more needed at home to assist their parents in income generation activities or to take over the charge of housework for freeing them to go in for earning than at school, the economic return of which, as viewed by many parents, is uncertain and, if there is any, not immediate. Survival is always the first priority; and schooling always loses in trade-off between education and work. This is evident in the existence of child labour in an enormous scale. Many of the dropout children were also found engaged somehow or other in earning for healing the poverty of their parents. The legislation against child labour has not worked much. It cannot work either as long as there is the threat to the very survival of life. Poor families always tend to prefer a bird in hand to two in the bush. Many of the parents were not found worried at the dropout of their wards from school, nor are the children afflicted by it. It is only the teachers and education officers who were found unanimously anxious about the problem of dropout in primary education. It appears that the problem of primary school dropout and retention has been able to attract the attention of the supply side of the equation. But, the demand side – the children and their parents – have not yet been either able to afford to release their children totally from household chores due to economic hardships or are not yet fully aware to be more committed towards the enrolment and retention of their children at school.