

CHAPTER 1

BACKGROUND

1.1 Land area

Nepal is a landlocked country bounded on the north by China and on the south, east and west by India. Ecologically, the country is divided into three belts, namely: Mountain belt, Hill belt and Tarai belt, running east to west with a non-uniform width from north to south. Mountain belt covers mountainous areas of the country and lies in the north. The altitude ranges between 4,899 meters to 8,848 meters above sea level. Some parts of the belt are covered with snow all year round including the highest peak of the world, the Mount Everest. The Hill belt is located in between the Mountain and Tarai belts. The belt has a fertile valley and basins such as Kathmandu and Pokhara. The belt on the southern part of the country is Tarai. Being an extension of the Gangetic plains of India, it has low flat land as well as dense forest. The country has a total land area of 147,181 square kilometers. Hill ecological belt shares 61,345 square kilometers of land, which is approximately 42% of the total land area. Mountain belt reported the second largest land area of about 36% while Tarai belt occupied the smallest area of 34,019 square kilometers or 23% of the total.

Administratively, the country is divided into 75 districts grouped into 5 development regions that cut across ecological belts. The Mountain belt constitutes 16 districts, 39 districts in the middle comprise the Hill belt and 20 districts compose the Tarai belt.

Among eco-development regions, Central Tarai reported the largest population of 3.9 million people comprising about 17% of

Development regions are made up of districts. Mid-Western development region got the biggest share of 43,378 square kilometers or about 28.8% of the total land area while Far- Western region reported the least with 19,539 square kilometers, which is about 13.3% of the total. Western, Eastern and Central development regions occupied almost the same area of about 29,000 square kilometers.

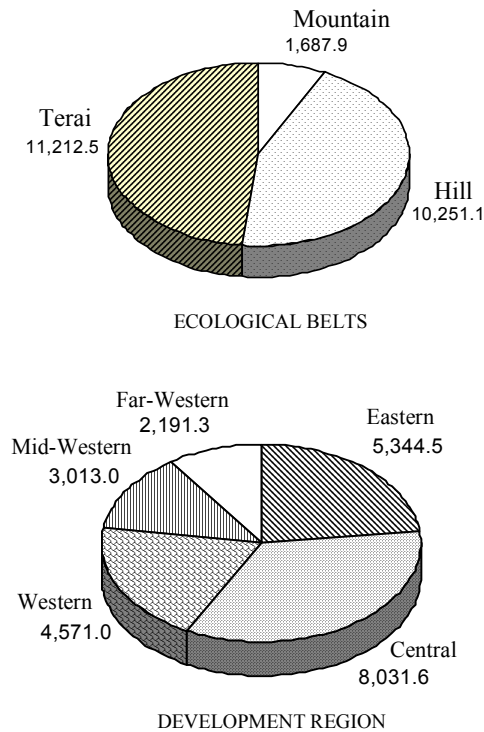
Five ecological-development regions also known as eco-development regions are formed within a belt. In the Mountain belt, Mid-Western Mountain got the biggest land area of 14.5% of the total, followed by Western Hill with 12.4%. Between 5% and 9% of the total land area was reported by the following: Mid-Western Hill (9.3%), Central Hill 8.0%), Eastern Hill (7.3%), Eastern Mountain (7.1%) and Central Tarai (6.3%). All the rest of the eco-development regions reported the land area to be less than 5% of the total with Far-Western Tarai reporting the least area of 3.3% of the total.

1.2 Population

The Population Census 2001 of Nepal recorded a total population count of 23,151,423 persons. About 48.43% of the total populations were found in Tarai belt and 44.28% were in Hill belt. Mountain belt reported a population of only 7.29% or about 1.688 million people.

More than one-third (34.7%) of the total population was found in the Central region and only 9.5% were in Far-Western region. the total population of Nepal. The second largest population was reported by Central Hill with 3.5 million or about 15.3%, see TABLE 1.1.

FIGURE 1.1: POPULATION DISTRIBUTION, 2001
(‘000)



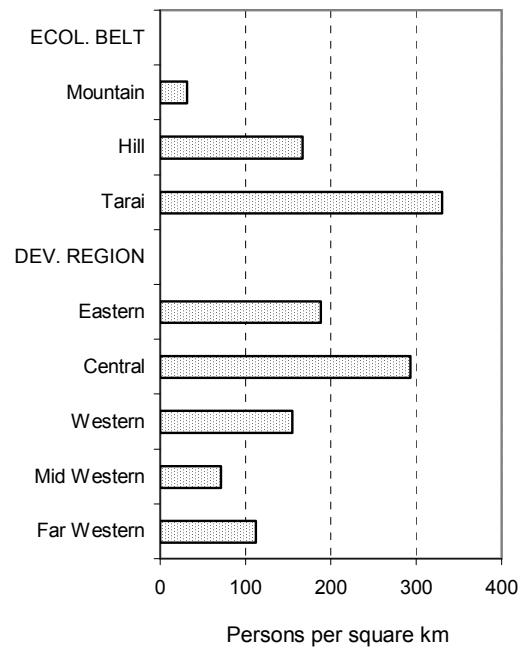
1.3 Population density

While Tarai belt was reported to have the least territorial area among the ecological belts, it reported the highest density of population of 330 persons per square kilometer (sq. km.) in 2001. The average population density in Nepal was only 157 persons per sq. km. because of the low population density in the Mountain and Hill belts of 32 persons per sq. km. and 167 persons per sq. km., respectively.

1.4 Population growth

The geometric growth of the population of Nepal registered at an average annual rate of 2.27% per annum between 1991 and 2001. Tarai belt contributed mainly to the high population growth considering that Hill and Mountain belts grew only at the rate of 1.99% and 1.58% annually, respectively, for the same period of time.

FIGURE 1.2: POPULATION DENSITY, 2001



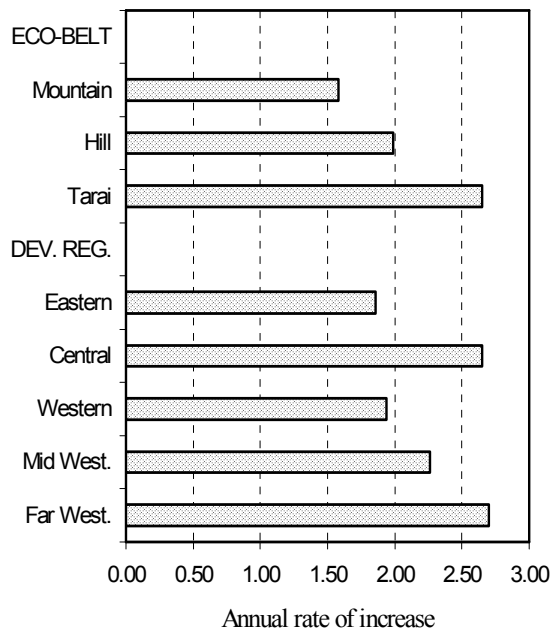
1.5 Usual activity of population 10 years old and over

Population 10 years old and over was composed of 16,770,279 or 72.4% of the total population of Nepal. This population age group is the potential supply of labour in the country. In the Population Census 2001, 9,110,336 persons were found to be economically active. These represents a participation rate of 54.3% of the total population 10 years old and over while those who are not economically active comprised 45.7%, see TABLE 1.2.

Among males, the participation rate was 64.9% while among females, the participation rate was very much lower at 43.9%.

Economically active population consists of persons who were usually employed or seeking work during the reference period. The proportion of economically active population to the total population 10 years

**FIGURE 1.3:
POPULATION RATE OF GROWTH
1991 TO 2001**



old and over multiplied by 100 is the labour force participation rate.

Persons who were not economically active are those who were doing household chores, full time students or no activity at all.

1.6 Employment rate

Total persons who were usually employed consisted of 8,940,107 out of a total of 9,110,336 economically active persons and this yielded an employment rate of 98.1%. On the other hand, only 1.9% of the economically active population was looking for work or considered unemployed.

While the labour force participation rate of the females was only 43.9%, their employment rate was much higher at 99.1% or an unemployment rate of only 0.9% compared with the employment rate of 97.5% among males with an unemployment rate of 2.5%. This trend indicates that when women decide to

become economically active, they have better chances of being employed than the men since they have exhibited a lower unemployment rate.

1.7 Usual activity of employed persons

Agriculture or own farm work was reported by 5.146 million persons or about 57.6% of the total population who had jobs during the reference period; salary/wage workers numbered 2.189 million or 24.5%; about 968 thousand or 10.8% had their own economic enterprise while 635 thousand or 7.1% were engaged in extended economic activity.

Females comprised about 48% of those with employment and almost two-thirds of them were found in agriculture or in their own farms. Extended economic activity was reported by some 14% among the females; 12.2% had salary/wage employment and only 6.7% reported working in own economic enterprise.

The picture on the usual activity of males is a little different. Only about half (51.0%) of the employed males were in agriculture and about one-third (33.0%) had salary and/or wage work and 13.7% with economic enterprise. Only 2.2% among males reported extended economic activity.

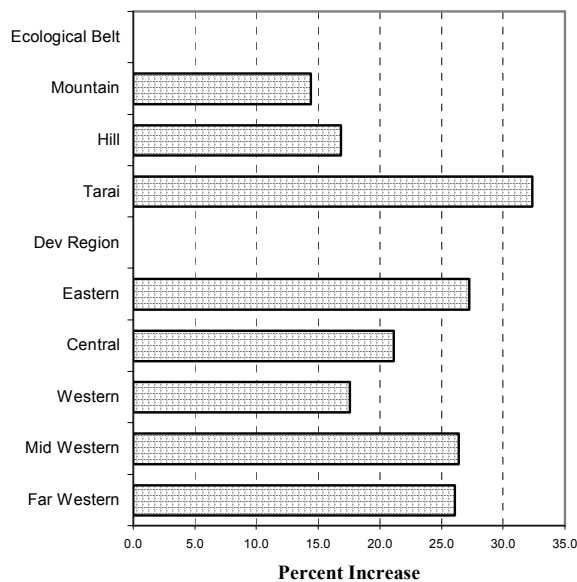
Although about half of the males and two thirds of the females were in agriculture, the males still dominated in number the agriculture work with 2.7 million out of 5.2 million workers in agriculture. The males also dominated the employment in salary/wage work (79.5%) and in own enterprise (74.6%). As expected, the females dominated the work on extended economic activity with 81.6%, see Table 1.3.

1.8 Number of households

The total number of households in Nepal in 2001 was 4,253,220. Hill ecological belt

reported the highest number of 1.982 million households comprising 46.6% of the total followed closely by Tarai belt with 1.95 million households, which was 45.9% of the total. The Mountain belt reported the lowest number with only 310 thousand or 7.5% of the total households in the country, see TABLE 1.1.

FIGURE 1.4: NUMBER OF AGRICULTURAL HOLDINGS INCREASE FROM 1991/92 TO 2001/02



1.9 Number of agricultural holdings

For purposes of the 2001/02 Agriculture Census of Nepal, an agricultural holding was defined as an economic unit of agricultural production under a single management comprising all livestock and all land used wholly or partly for agricultural production purposes. In Nepal, it is not uncommon that an agricultural holding is equivalent to a farm household.

There were 3.3641 million agricultural holdings identified from the listing operation done during the first phase in the conduct of the Population Census 2001. These holdings were found in the following ecological belts: Hill ecological belt reported a total of 1.5864 million

agricultural holdings equivalent to 47.1% of the total holdings in the country; Tarai belt accounted for 1.4795 million agricultural holdings which consisted of 43.9% of the total; and, Mountain belt reported 298.2 thousand agricultural holdings consisting of only 8.8% of the total holdings in Nepal.

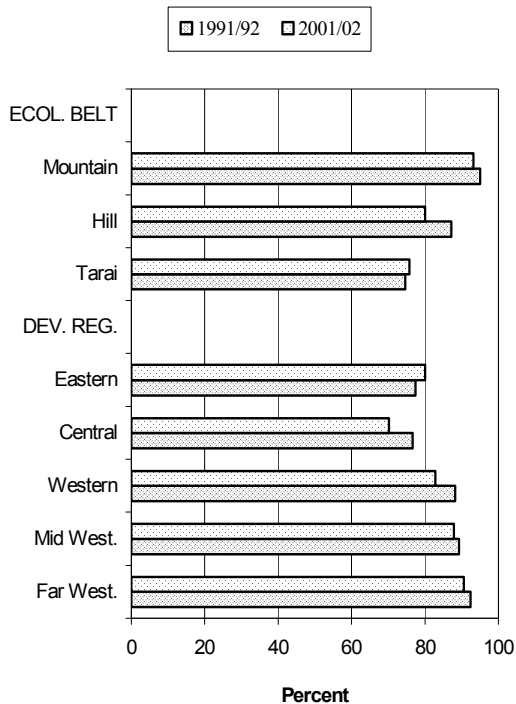
Among development regions, Central region reported a total of 1.098 million agricultural holdings, which is almost one-third of the total holdings in the country. The second largest region reporting agricultural holdings is Eastern region with about 850 thousand which is about one-fourth of all holdings in Nepal. Far Western region reported the least, which was about 10.8% of the total holdings.

In a span of ten years, the number of agricultural holdings increased by 22.8%, an average annual increase of 2.3% which is also almost the same rate of increase in the population.

There has been a decreasing proportion of households that operated agricultural holding between 1991/02 and 2001/02 in Nepal from 82.2% in 1991/92 to 79.1% in 2001/02. The decrease in the proportion of households operating an agricultural holding was felt most in the Hill ecological belt. In 1991/92 about 87.1% of the total households operated an agricultural holding but this proportion decreased to 80% in 2001/02, a decrease of 7.1 percentage points. There was also a decrease in the proportion of households who were operating an agricultural holding in the Mountain belt but only slightly when compared with the Hill belt, from 95.1% in 1991/92 to 93.2% in 2001/02. Tarai belt, however, did not experience such a decrease.

The proportion of households who operated an agricultural holding even increased slightly from 74.7% in 1991/92 to 75.8% in 2001/02.

FIGURE 1.5: HOLDINGS AS PERCENT OF HOUSEHOLDS 1991/02 AND 2001/02



The decreasing proportion of households operating an agricultural holding in Hill and Mountain belts may be attributed to urbanization and industrialization where more non-agricultural activities are available to the population.

1.10 Farm population

The Population Census 2001 of Nepal has put the farm population count at 19.0325 million people of which 46.6% were found in Tarai and 45.2% were in Hill.

Only 8.2% or about 1.6 million were residing in the Mountain ecological belt.

Among the development regions, Central region reported the biggest farm population at almost 6 million people followed by Eastern region and Western region with 4.3 million and 4.0 million, respectively.

Considering that a holding and a farm household are almost identical, it is therefore not far fetch to see that the proportion of the farm population in relation to the total population is also going down in urbanizing areas.

Between 1991/92 and 2001/02, there has been a decline in the proportion of the farm population to the total population in Nepal from 87.9% to 82.2%, see TABLE 1.6. The same trend is true for the three ecological belts, from 100% farm population in 1991/92 to 93% in 2001/02 for the Mountain; from 92% farm population in 1991/92 to 83.9% in 2001/02 for the Hill and from 81.9% farm population in 1991/92 to 79% in 2001/02 for Tarai belt, see TABLE 1.7.

The same pattern is observed among all the development regions with Central region registering the biggest change in proportion from 81.8% farm population in 1991/91 to 74.3% in 2001/02, see TABLE 1.8. Two urbanized cities are in this region, namely: Kathmandu and Lalitpur that may have contributed to the decrease in the farm population due to urbanization.

TABLE 1.1 TOTAL LAND AREA, NUMBER OF HOUSEHOLDS, POPULATION, POPULATION GROWTH,
AND POPULATION DENSITY BY ECO-DEVELOPMENT REGION, NEPAL: 2001

Eco-development region	Total Land Area		Total Households		Household Population*		Growth Rate**	Density per sq. km.***
	Sq. Km	%	Number	%	Number	%		
NEPAL	147,181	100.00	4,253,220	100.00	23,151,423	100.00	2.27	157
MOUNTAIN	52,817	35.89	319,887	7.52	1,687,859	7.29	1.58	32
Eastern Mountain	10,438	7.09	77,197	1.82	401,587	1.73	1.12	38
Central Mountain	6,277	4.26	112,313	2.64	554,817	2.40	1.65	88
Western Mountain	5,819	3.95	5,019	0.12	24,568	0.11	2.23	4
Mid-western Mountain	21,351	14.51	55,363	1.30	309,084	1.34	1.72	14
Far Western Mountain	7,932	5.39	69,995	1.65	397,803	1.72	1.80	50
HILL	61,345	41.68	1,982,753	46.62	10,251,111	44.28	1.99	167
Eastern Hill	10,749	7.30	309,149	7.27	1,643,246	7.10	1.41	153
Central Hill	11,805	8.02	692,255	16.28	3,542,732	15.30	2.83	300
Western Hill	18,319	12.45	568,898	13.38	2,793,180	12.06	1.44	152
Mid-western Hill	13,710	9.32	269,614	6.34	1,473,022	6.36	1.91	107
Far Western Hill	6,762	4.59	142,837	3.36	798,931	3.45	1.76	118
TARAI	34,019	23.11	1,950,580	45.86	11,212,453	48.43	2.65	330
Eastern Tarai	7,269	4.94	626,622	14.73	3,299,643	14.25	2.18	454
Central Tarai	9,328	6.34	670,909	15.77	3,934,080	16.99	2.63	422
Western Tarai	5,260	3.57	289,128	6.80	1,753,265	7.57	2.80	333
Mid-western Tarai	7,317	4.97	209,333	4.92	1,230,869	5.32	2.84	168
Far Western Tarai	4,845	3.29	154,588	3.63	994,596	4.30	3.94	205
Eastern Dev. Region	28,456	19.33	1,012,968	23.82	5,344,476	23.08	1.86	188
Central Dev. Region	27,410	18.62	1,475,477	34.69	8,031,629	34.69	2.65	293
Western Dev Region	29,398	19.97	863,045	20.29	4,571,013	19.74	1.94	155
Mid-western Dev. Region	42,378	28.79	534,310	12.56	3,012,975	13.01	2.26	71
Far-western Dev. Region	19,539	13.28	367,420	8.64	2,191,330	9.47	2.70	112
NEPAL	147,181	100.00	4,253,220	100.00	23,151,423	100.00	2.27	157

*/Include independent estimates of the population for Village Development Committees and Wards that were not enumerated during the census, see National Report for specific districts involved.

**/Average geometric annual growth rate of the population between 1991 and 2001.

***Population density per square kilometer.

Source of basic data: Population Census 2001 National Report, CBS.

TABLE 1.2 POPULATION 10 YEARS OLD AND OVER BY USUAL ACTIVITY STATUS DURING THE
LAST TWELVE MONTHS BY SEX, NEPAL: 2001

Usual Activity	Total			Male			Female		
	Number	%	ER/ UR	Number	%	ER/ UR	Number	%	ER/ UR
NEPAL	16,770,279	100.0	...	8,330,576	100.0	...	8,439,703	100.0	...
Economically active population	9,110,336	54.3*	100.0	5,406,817	64.9*	100.0	3,703,521	43.9*	100.0
Usually with work	8,940,107	53.3	98.1	5,269,813	31.4	97.5	3,670,295	21.9	99.1
Usually unemployed	170,229	1.0	1.9	137,004	0.8	2.5	33,226	0.2	0.9
Not economically active population	7,659,943	45.7	...	2,923,760	17.4	...	4,736,183	28.2	...

Source of basic data: Table 23, Census of Population 2001, National Report, CBS.

LFPR = Labour force participation rate is the proportion of economically active population to total population 10 years old and over

ER = Employment Rate

UR = Unemployment rate

TABLE 1.3 USUAL ACTIVITY OF POPULATION WHO WERE USUALLY EMPLOYED DURING THE
LAST TWELVE MONTHS BY SEX, NEPAL: 2001

Usual Activity	Both Sexes		Male			Female		
	Total	%	Number	%	% Male to Total	Number	%	% Female to Total
Total (Usually with work)	8,940,107	100.00	5,269,813	100.00	58.95	3,670,295	100.00	41.05
Agriculture/own farm	5,146,582	57.57	2,689,221	51.03	52.25	2,457,361	66.95	47.75
Salary/Wage	2,189,970	24.50	1,741,411	33.05	79.52	448,559	12.22	20.48
Own economic enterprise	968,080	10.83	722,137	13.70	74.59	245,944	6.70	25.41
Extended economic activity	635,475	7.11	117,044	2.22	18.42	518,431	14.13	81.58

Source of basic data: Table 23, Census of Population 2001, National Report, CBS.

TABLE 1.4 NUMBER OF AGRICULTURAL HOLDINGS BY SUB-ECOLOGICAL BELT, 2001/02
(‘000)

Development Region	Ecological Belt							
	Mountain	%	Hill	%	Tarai	%	Total	%
Eastern	71.3	23.9	282.8	17.8	455.9	30.8	851.8	25.3
Central	105.5	35.4	429.2	27.1	501.1	33.9	1,098.3	32.6
Western	4.2	1.4	485.2	30.6	226.5	15.3	747.8	22.2
Mid Western	50.2	16.8	253.9	16.0	165.4	11.2	502.4	14.9
Far Western	67.0	22.5	135.3	8.5	130.6	8.8	364.0	10.8
Total	298.2	100.0	1,586.4	100.0	1,479.5	100.0	3,364.1	100.0
% to total Holdings		8.8		47.1		43.9		100.0

TABLE 1.5 FARM POPULATION BY SUB-ECOLOGICAL BELT, 2001/02
(‘000)

Development Region	Ecological Belt							
	Mountain	%	Hill	%	Tarai	%	Total	%
Eastern	384.3	24.5	1558.1	18.1	2337.8	26.4	4280.2	22.5
Central	511.8	32.6	2394.7	27.8	3064.4	34.6	5970.9	31.4
Western	19.7	1.2	2482.5	28.9	1506.7	17.0	4009.0	21.1
Mid Western	274.4	17.5	1392.8	16.2	1047.3	11.8	2714.5	14.3
Far Western	379.5	24.2	773.3	9.0	905.0	10.2	2057.8	10.8
Total	1,569.8	100.0	8601.4	100.0	8,861.2	100.0	19032.5	100.0
% to total Holdings		8.2		45.2		46.6		100.0

TABLE 1.6 CHARACTERISTICS OF POPULATION AND HOLDINGS, NEPAL, 1961/62 TO 2001/02

Classification	1961/62	1971/72	1981/82	1991/92	2001/02
Total population (a)					
No. of persons ('000)	9,413.0	11,556.0	15,022.8	18,491.1	23,151.4
No. of households ('000)	2,588.9	2,084.1	2,585.2	3,328.7	4,253.2
Farm population (b)					
No. of persons ('000)	8,410.0	na	12,877.6	16,258.2	19,032.5
No. of holdings ('000)	1,540.0	1,721.2	2,194.0	2,736.1	3,364.1
Av. Household size	5.5	na	5.9	5.9	5.7
Farm population as % of total population	89.3	na	85.7	87.9	82.2
Holdings as % of all households	59.5	82.6	84.9	82.2	79.1

(a) Source: 1991 Population Census; Population Census 2001

(b) 1991/92 Census of Agriculture; 2001/02 Census of Agriculture

TABLE 1.7: CHARACTERISTICS OF POPULATION AND HOLDINGS BY ECOLOGICAL BELT, 1981/82, 1991/92 AND 2001/02

Classification	Ecological Belt			Nepal
	Mountain	Hill	Terai	
1981/82				
Total population (a)				
No. of persons ('000)	1,302.9	7,163.1	6,556.8	15,022.8
No. of households ('000)	236.3	1,240.4	1,108.4	2,585.2
Farm population (b)				
No. of persons ('000)	1,097.5	6,022.6	5,757.6	12,877.6
No. of holdings ('000)	197.6	1,045.2	951.2	2,194.0
Av. Household size	5.6	5.8	6.1	5.9
Farm population as % of total population	84.2	84.1	87.8	85.7
Holdings as % of all households	83.6	84.3	85.8	84.9
1991/92				
Total population (a)				
No. of persons ('000)	1,443.1	8,419.9	8,628.1	18,491.1
No. of households ('000)	274.1	1,558.5	1,496.1	3,328.7
Farm population (b)				
No. of persons ('000)	1,446.6	7,747.9	7,063.6	16,258.2
No. of holdings ('000)	260.7	1,357.7	1,117.6	2,736.1
Av. Household size	5.5	5.7	6.3	5.9
Farm population as % of total population (c)	100.0	92.0	81.9	87.9
Holdings as % of all households	95.1	87.1	74.7	82.2
2001/02				
Total population (a)				
No. of persons ('000)	1,687.9	10,251.1	11,212.5	23,151.4
No. of households ('000)	319.9	1,982.8	1,950.6	4,253.2
Farm population (b)				
No. of persons ('000)	1,569.8	8,601.4	8,861.2	19,032.5
No. of holdings ('000)	298.2	1,586.4	1,479.5	3,364.1
Av. Household size	5.3	5.4	6.0	5.7
Farm population as % of total population	93.0	83.9	79.0	82.2
Holdings as % of all households	93.2	80.0	75.8	79.1

(a) Source: 2001 Population Census. (b) Source: 2001/02 Agricultural Census.

(c) Farm population from Agricultural Census estimated to be greater than total population from Population Census.

TABLE 1.8: CHARACTERISTICS OF POPULATION AND HOLDINGS BY DEVELOPMENT REGION,
1981/82 TO 2001/02

Classification	Development Region					Nepal
	Eastern	Central	Western	Mid West.	Far West.	
1981/82						
Total population (a)						
No. of persons ('000)	3,708.9	4,909.4	3128.9	1,955.6	1,320.1	15,022.8
No. of households ('000)	651.8	854.5	544.3	322.3	212.2	2,585.2
Farm population (b)						
No. of persons ('000)	3,398.4	4,160.2	2,635.2	1,634.4	1,049.3	12,877.6
No. of holdings ('000)	578.3	706.4	453.3	276.7	179.2	2,194.0
Av. Household size	5.9	5.9	5.8	5.9	5.9	5.9
Farm population as % of total population	91.6	84.7	84.2	83.6	79.5	85.7
Holdings as % of all households	88.7	82.7	83.3	85.8	84.5	84.9
1991/92						
Total population (a)						
No. of persons ('000)	4,446.7	6,184.0	3,770.7	2,410.4	1,679.3	18,491.1
No. of households ('000)	821.8	1,115.4	690.2	415.8	285.5	3,328.7
Farm population (b)						
No. of persons ('000)	3,712.8	5,061.0	3,618.0	2,242.7	1,623.8	16,258.2
No. of holdings ('000)	636.4	855.3	608.8	371.5	264.1	2,736.1
Av. Household size	5.8	5.9	5.9	6.0	6.1	5.9
Farm population as % of total population	83.5	81.8	96.0	93.0	96.7	87.9
Holdings as % of all households	77.4	76.7	88.2	89.3	92.5	82.2
2001/02						
Total population (a)						
No. of persons ('000)	5,344.5	8,031.6	4,571.0	3,013.0	2,191.3	23,151.4
No. of households ('000)	1,013.0	1,475.5	863.0	534.3	367.4	4,253.2
Farm population (b)						
No. of persons ('000)	4,280.2	5,970.9	4,009.0	2,714.5	2,057.8	19,032.5
No. of holdings ('000)	810.0	1,035.8	715.8	469.5	333.0	3,364.1
Av. Household size	5.3	5.8	5.6	5.8	6.2	5.7
Farm population as % of total population	80.1	74.3	87.7	90.1	93.9	82.2
Holdings as % of all households	80.0	70.2	82.9	87.9	90.6	79.1

(a) Source: 1991 Population Census; 2001 Population Census.

(b) Source: 1991/92 National Sample Census of Agriculture; 2001/02 Agricultural Census

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