

Comparative Analysis of the Poverty Landscape of Nepal

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September 2025

Abstract

This study presents Nepal's poverty landscape using data from the four rounds of the Nepal Living Standards Survey (NLSS I-IV), covering the period from 1995/96 to 2022/23. While Nepal has achieved a notable decline in national poverty headcount rates (from around 42 percent in NLSS I to approximately 20 percent in NLSS IV), this progress remains uneven and fragile. The findings highlight that poverty reduction has been heavily reliant on temporary income sources such as remittances and seasonal work, rather than on sustainable domestic employment or structural transformation. Deep disparities persist across geography, caste, gender and wealth, especially affecting rural and remote regions. Intra-poor inequality is identified as a critical concern, with some poor households experiencing far deeper deprivation than others. The study also compares methodological variations across the four NLSS rounds, showing how changing definitions and survey techniques influence poverty measurement. Ultimately, five key dimensions (Reliance on remittance, Stagnation on Agriculture, Structural inequalities, Vulnerability to shocks) are discussed as enduring causes of poverty in Nepal.

Keywords Poverty, Nepal, NLSS, Income, Remittance

Introduction

The **Nepal Living Standards Survey (NLSS)** is Nepal's primary instrument for tracking poverty and living conditions. First introduced in 1995/96 (NLSS I) by the Central Bureau of Statistics with World Bank support, it sets a benchmark for multi-dimensional poverty measurement by collecting nationally representative data on income, consumption, labor, health, education and housing. Subsequent rounds: NLSS II (2003/04), NLSS III (2010/11), and NLSS IV (2022/23) expanded both scope and accuracy, introducing features like enhanced regional stratification and revised poverty lines to reflect changing consumption patterns. The measurement and study of poverty have widened for research, where poverty is increasingly being understood in multiple and multidimensional ways (Bhuiya et al., 2007). This context applies to rural areas in developing countries, such as Nepal. Rooted in the World Bank's LSMS framework, NLSS has evolved methodologically while retaining consistency for trend analysis.

Different scales have also been developed to measure multidimensional poverty. For example, the Poverty-Related Stress Scale (PRSS), validated in Nepal, highlights the non-monetary dimensions of poverty, such as this is the vary validated one to measure the multidimensionality of poverty (Allen, Klibert, & van, 2023). Multi-dimensional poverty is now gaining the attention of various sections (Chan & Wong, 2024). The measurement of poverty is a challenged obstacle training and besides a highly disputed legislative problem (Stephens, 2005).

Across its four rounds, NLSS has become an essential policy tool for Nepal, helping evaluate government programs, identify poverty trends, and highlight emerging challenges. It incorporates micro-level analyses of households as well as macro-level perspectives on demographic, economic and geographic patterns. As Nepal continues to evolve –facing issues like federalism, migration, and urbanization-NLSS remains vital in uncovering the underlying causes of poverty and inequality. Its strength lies in its depth and comprehensiveness, making it indispensable for shaping policy and addressing Nepal's development priorities.

Table 1

Comparative Analysis on National Poverty Across Different Round of NLSS

Survey Round	Year	National Head-count (%)	Rural Head-count (%)	Urban Head-count (%)	National Pov-erty Gap (%)	National Squared Poverty Gap (%)
NLSS I	1995/96	41.80-42.00	43.30-44.00	21.60-23.00	11.75	4.67
NLSS II	2003/04	30.85-31.00	34.60	9.60	7.60	2.70
NLSS III	2010/11	25.16-25.20	27.40	15.50-15.60	7.54	1.81
NLSS IV	2022/23	20.27-20.30	24.66	18.34	4.52	1.91 (rural: 1.91, urban: 1.29)

Source. Reports of NLSS I, II, III and IV

Table 1 presents poverty trends in Nepal across four rounds of NLSS from 1995/96 to 2022/23. It shows a consistent decline in national, rural and urban poverty headcount rates over time, with national poverty reducing from approximately 42% in 1995/96 to around 20.3% in 2022/23. Resource constraint and management are the way out of poverty, especially in the rural setting of the country, which is the most challenging part. Eradicating poverty is not only about a national problem, but it is also a global challenge (Shao & Li, 2023). Rural poverty rates remain higher than urban rates in all survey rounds, showing the persistent geographical disparities. The national poverty gap and squared poverty gap (measures of poverty depth and severity) have also decreased, though they remain more pronounced in rural areas (CBS, 1997; 2005; 2011;2024). This article is limited in analyzing the NLSS report published by the National Statistics Office, Nepal.

Methodology

This study adopts a thematic approach, relying on a detailed review of secondary data from the four rounds of the **Nepal Living Standards Survey (NLSS I- IV)**. The analysis is organized into two main parts:

1. An exploration of the overall landscape of poverty in Nepal.
2. An examination of the enduring (persistent) causes of poverty.

This research design is based on poverty domain analysis and Nepal’s contextual practices. For data organizations and coding, the study employed report (content) and thematic

ordering (Cheong, 2023). Key themes were identified and analyzed using MAXQDA software to structure and systematize the findings. Altogether, 13 themes emerged from the analysis. Of these, 8 were classified under the section ‘Landscape’ which highlights issues such as inequality and access to opportunity, while 5 were grouped under ‘Causes’ drawing from NLSS I - IV. Since the study relies entirely on secondary data, its purpose is not to generate new statistics but to interpret, reflect and synthesize what the existing data reveal about poverty trends and causes in Nepal.

Results and Discussion

Methodological variations

Over the four rounds, NLSS has used different methodologies to reflect both international standards and Nepal’s evolving context. Early rounds like NLSS I and II used simple sampling methods and older poverty lines, limiting their ability to capture Nepal’s full diversity. From NLSS III onwards, the adoption of the Cost of Basic Needs approach, imputed rent values, and adjustments for spatial price differences provided a more real picture of poverty. However, these methodological shifts mean the same household could appear poor under one survey but non-poor under another, not because of an actual change in livelihood, but because of the definitions and thresholds changed. Such diversification and differentiation of livelihoods are very common strategies in the field of poverty (Gautam & Andersen, 2016). This introduces a critical challenge: comparing poverty trends across time without acknowledging these adjustments risks overstating progress or masking stagnation.

Additionally, other changes, such as longer recall periods for consumption and revised definitions for employment and health, add further complexity. For example, including unpaid family labor as employment or redefining disability according to WHO standards improved data quality but altered how poverty and wellbeing were measured. While these upgrades make NLSS data more precise and useful for policy, they also highlight the need to look beyond numbers and focus on whether real, lived conditions for poorest are truly improving.

Table 2

Comparison on Key Methodological Shift Across Four Rounds of NLSS.

Round	Year	Sample Size	Methodological Basis	Survey Tool	Reference Period	Fieldwork Duration
NLSS I	1995/96	~3,373 households	Based on World Bank LSMS	Paper-based	Last 7 days/month/year (varied by module)	12 months
NLSS II	2003/04	~4,008 households and 1160 panel	Enhanced LSMS + CBS model	Paper-based	More consistent recall periods	12 months
NLSS III	2010/11	~5,988 households and panel 1032	Fully LSMS-based	Computer-assisted (CAPI introduced in pilot)	Aligned recall structure	12 months (phased)
NLSS IV	2022/23	~10,000 (9600) households	LSMS-ISA + digital CAPI & GPS	Tablet-based CAPI	Mostly aligned with SDGs	10 months

Source. Methodological Reports of NLSS I, II, III and IV (CBS, 1997; 2005; 2011;2024).

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Access to Facilities

As shown in table 3, data from NLSS I to IV shows gradual improvement in access to basic infrastructure (for example: electricity rising from 15% in 1995/96 to 92% in 2022/23, and school access within 30 minutes reaching 96.5%) (CBS, 1997; 2005; 2011; 2024). However, these gains do not ensure equitable outcomes. Urban-rural gaps, ecological region divides, and wealth disparities continue to shape unequal access and service quality. For instance, piped water access increased to 68% nationally, yet rural poor households often report dissatisfaction due to unreliable supply and poor service conditions. Regional and geographically disadvantaged in terms of access to improved quality of life (Wang, et al., 2019). Similarly, while mobile and internet access have expanded, they create new era of inequality, especially for remote and people with limited income group lacking digital literacy or affordable devices. Overall, infrastructural progress remains unevenly distributed, and improved physical reach does not automatically translate into meaningful use or benefit for the poorest and most marginalized communities in Nepal.

Table 3*Comparative Overview of the Nepal's Poverty Landscape.*

Indicator	NLSS I (1995/96)	NLSS II (2003/04)	NLSS III (2010/11)	NLSS IV (2022/23)
Primary School within 30 mins	88%	91%	95%	96.5%
Bus Stop within 30 mins	~40% (est[1].)	52%	66%	78.2%
Paved Road Access	~24% (est.)	37%	51%	67%
Electricity Access	~15%	35%	70%	92%
Safe Drinking Water (Piped)	~20%	34%	45%	68%
Sanitation (Latrine Access)	23%	39%	56%	72%
Commercial Bank Access	13%	22%	40%	58%
Internet Access	N/A	N/A	43%	76%
% Agricultural Households	83%	80%	76%	64%
Avg. Landholding Size (ha)	1.09	0.83	~0.68	~0.58
Female-headed Agri Households (%)	12%	19%	~25%	29%+
Employment Rate	67%	72%	~75%	~80%
Agriculture Employment Share	72%	67%	55%	45%
Avg. Per Capita Income (NRs)	7,690	15,162	41,659	~97,000
% Households Receiving Remittance	23%	32%	56%	58%
Food Inadequacy	~42%	~21%	~15%	~10%
Housing Inadequacy	~46%	~23%	~18%	~13%
Dependency Ratio	115	98	78	69

Source. Reports of NLSS I, II, III and IV***Employment Status***

Across the four rounds of NLSS, Nepal's reported employment rate has increased from 67% in 1995/96 to around 80% in 2022/23 (See table 3), but this rise is shaped more by changing definitions than genuine livelihood improvement. From NLSS III onward,

“employment” included unpaid family labour, subsistence farming, and tasks like firewood collection. While this broadened lens aligns with international standards, it risks inflating labour force participation figures without reflecting true economic security. In reality, 45% of workers in 2022/23 remained in low-productivity agriculture, down from 72% in NLSS I, yet still significant. Over 30% face underemployment, often in seasonal, informal, or part-time work lacking protections or growth prospects. Rural women’s active participation often reflects unpaid labour rather than income generation. Youth unemployment remains high, especially in urban centres. The youths are making their living from subsistence farming, but the result of population growth and fragmentation of arable land is less access to the land (Mohammed & Hashim, 2024). The majority of young people make their living from subsistence farming, but as the population grows and plots become more fragmented as there is less land available.

These patterns show that merely labelling someone as “employed” does not guarantee a stable or dignified livelihood. Real poverty reduction requires focusing not on employment counts alone but on improving job quality, wages, protections, and access to skill-building, especially for the rural poor and informal workers, and they are facing multiple and various issues (Gupta et al., 2022).

Income

Across four rounds of NLSS, average per capita income rose sharply from NRs. 7,690 in 1995/96 to nearly NRs. 97,000 in 2022/23. However, this apparent progress masks underlying economic fragility. A major portion of income growth is driven by remittances (received by 58% of households and contributing around 30% of total income). Critically, over 79% of these remittances are spent on daily consumption rather than investment on productive sectors, leaving households vulnerable to global economic shocks and job losses abroad. At the same time, reliance on seasonal or irregular incomes like daily wage labour and petty trade persists, especially in rural areas where farm income’s share has declined from 61% to 21%. Despite higher nominal incomes, nearly half of households still report their earnings as inadequate for consumption, which shows the gap between reported figures and lived reality. This reflects not only inflation and rising living costs but also unstable livelihoods and persistent inequality. Thus, income growth in Nepal, while notable, remains fragile and consumption-driven rather than investment-led.

Agriculture

Across the four rounds of NLSS, agriculture’s role as the primary livelihood declined

from 83 percent of households in 1995/96 to 64 percent in 2022/23 (See table 3). This reflects urbanization, labour migration, and growing dependence on service and remittance economies. However, this shift is precarious. Many households are moving into non-agricultural work relies on informal, seasonal jobs or unstable remittance flows, that leave them highly vulnerable to inflation, disasters, and global shocks. Agriculture itself has become a sector of last resort for poorer households. Land fragmentation has intensified, with 63 percent of farmers now cultivating less than 0.5 hectares. Many significant obstacles are there in the agricultural and environmental sectors; such things are happening, especially in the highland Himalayan and the areas of hills (Krupnik et al., 2021).

Despite expanded irrigation and improved seed use, productivity and profitability have not matched rising input costs such as fertilizers. ‘Feminization of Agriculture’ is often used as a vague umbrella term (Leder, 2022). Feminization of agriculture due to male out-migration is notable, yet women farmers still face unequal access to credit, land, and technology. Critically, Nepal’s transition toward a service and consumption-driven economy lacks an agro-industrial base. The roles of men and women are unbalanced. This phenomenon is called feminization in every step and level of social activities (Tamang, Paudel, & Shrestha, 2024). Such practice can be seen in Nepali social, political and cultural sectors and others too.

This deepens dependency on imports and exposes national food security to external price fluctuations. Without investment in local production, value chains, and land reform, both agriculture and the broader economy risk becoming structurally fragile, making lasting poverty reduction difficult to achieve.

Consumption

The household consumption has also seen gradually increased (See table 3), with even the poorest families spending more on food, housing, education, and healthcare than in earlier years. At first glance, this growth suggests poverty reduction. However, much of the increased consumption is fuelled by unstable income sources like foreign remittances and seasonal work, rather than secure local employment or productive assets. This creates a fragile economic reality where families may appear better off statistically but remain highly vulnerable to shocks such as inflation, disasters, or global job market changes. Developing countries are mainly facing natural disasters, poor environments, and fragile ecologies (Khan et al., 2023). Crucially, the benefits of rising consumption are uneven. Wealthier households enjoy better housing, healthcare, and education, while

poorer families still allocate most of their spending to basic food needs and struggle with limited access to quality public services. The food practice of Nepal mainly sources carbohydrates, and there is a lack of important nutrition (Bhandari & Banjara, 2015). The daily practices for food are a lack of balance and a routine-based food system. Though reported inadequacy in essentials like food, housing, health, and schooling has declined, these improvements do not always reflect real or lasting progress for Nepal's poorest groups. Without investing in local income generation, equitable service access, and economic resilience, rising consumption may only mask underlying inequality and vulnerability rather than resolve it.

Dependency Ratio

The dependency ratio fell notably from 115 in 1995–96 to around 69 in 2022–23, reflecting lower fertility rates, increased life expectancy, and high youth immigration. This suggests reduced household burdens, yet its benefits remain uneven. In rural and impoverished regions such as Karnali and Sudurpashchim, dependency ratios are still higher due to persistent poverty, limited job opportunities, and a large share of children in the population. These areas face compounded challenges, with many women shouldering both caregiving and agricultural responsibilities in the absence of working-age men. Although a declining dependency ratio is often seen as a sign of progress, in Nepal's context it does not automatically translate into economic security or improved living standards for all. Structural barriers (like limited land access and uneven regional development) prevent many households from realizing the potential benefits of this demographic change.

Food and Non-Food poverty

Between NLSS I to NLSS IV, a clear reduction in both food and non-food poverty is seen, with food inadequacy falling from over 35 percent to around 11 percent. Yet, these improvements relied on fragile economic foundations. Many poor households continue to rely on unstable income sources like remittances and seasonal labour, which leaves them vulnerable to inflation, disasters, and economic shifts. While the food poverty line has increased, rural, mountainous, and low-income households still report food inadequacy, and many meet calorie needs without ensuring nutritional balance, risking hidden hunger and health issues. Non-food poverty, including clothing, housing, education, and healthcare, has also improved but remains marked by deep inequality. The non-food poverty line has more than doubled, reflecting rising living costs, yet rural and remote areas lag far behind. For instance, 35 percent of the poorest household report clothing inadequacy compared to just 4 percent among the richest, and housing inadequacy is

nearly seven times higher in mountain regions than in urban areas. These patterns show that poverty in Nepal is not simply a matter of income; it is about lacking stable, equitable access to basic services and dignified living conditions.

Health

Between NLSS I and IV, healthcare access has been significantly expanded, with household proximity to health facilities improving from just 15 percent in NLSS I to over 70 percent in NLSS IV. Immunization rates and maternal health indicators have also improved. However, these advances mask persistent inequalities. Poorer as well as rural households still struggle with inadequate facilities, long travel distances, and unaffordable (out-of-pocket) costs. They often rely on informal or paramedic care rather than qualified doctors. Even though free basic services and health insurance programs have expanded, their uptake is low in the most deprived regions, especially in the remote Terai, Hills and Mountains where staff shortages, limited medicines, and poor health literacy prevail. Wealthier urban households increasingly use private services, deepening healthcare inequality. Full immunization coverage still lags among low-income and less-educated groups, often restricted by gender norms and cultural barriers. Subjective dissatisfaction with healthcare is highest among the poorest, driven by cost, poor quality, and service gaps. This suggests that while health infrastructure has grown, genuine equitable and quality care remains beyond reach for many.

Housing

Across the four rounds of NLSS, housing conditions have visibly improved, with more households living in structures made from durable materials and accessing electricity, sanitation, and clean water. Yet, these national-level improvements obscure persistent inequalities. Poor and rural households continue to live in vulnerable homes built from mud, thatch, or straw, which provide nearly no protection against natural disasters. In urban areas, an increasing number of low-income families live in rented or informal dwellings, not by choice but due to financial necessity. These arrangements often lack secure tenure, basic services, and adequate space. While wealthier households can afford disaster-resilient construction and better infrastructure, many low-income families remain trapped in structurally inadequate and unsafe housing. Subjective reports of housing inadequacy remain notably high among the poorest groups. This shows that poverty extends beyond income to include psychological insecurity and exclusion from dignified living standards. Housing inequality thus reflects wider economic disparities and structural poverty that mere infrastructure expansion has yet to resolve.

Literacy

A clear progress in literacy with among those aged six and above increasing from 38 percent in NLSS I to over 61 percent by NLSS III, alongside notable gains in female education. However, these advances mask deep inequalities: literacy among the poorest remains only 45 percent compared to 79 percent in the richest quintile, and rural, mountainous, and far-western regions continue to lag behind urban centres. The rise in private school enrolment, reaching over 26 percent, further reveals growing gaps in education quality and access, as wealthier families bypass under-resourced public schools. Yet the deeper challenge is that this growing literacy does not translate into national progress if educated youth continue to leave the country. The alarming rate of youth outmigration, especially among the educated, undermines Nepal's human capital and weakens its capacity for innovation, start-ups, and local economic growth. Instead of becoming a foundation for development, education is increasingly seen as a pathway to exit. This dynamic not only wastes public investment in schooling but also skews Nepal's population toward dependents (older adults and children) limiting both productivity and sustainable development potential.

Maternity and Family Planning

Nepal has achieved measurable progress in maternal and reproductive health. The total fertility rate dropped from 5.1 in NLSS I to 3.4 by NLSS III and onward driven largely by increased awareness of family planning methods, which now reach nearly universal levels. However, these national gains conceal persistent inequalities. Urban and wealthier women show higher contraceptive use and better access to professional maternal care, while rural and poorer women, especially in the central Tarai and Mountain regions, continue to face severe disadvantages. Women from the poorest quintile remain less likely to receive at least four antenatal care visits and are more likely to give birth at home without skilled assistance. Barriers such as poverty, geographical remoteness, cultural norms, and limited availability of female health workers continue to restrict access. Despite improvements in indicators, these gaps reveal that maternal health outcomes are still closely tied to household income, education, and location. National progress is real but uneven, and unless services are made truly inclusive, reproductive health achievements will remain incomplete for vulnerable women.

Migration

The migration, particularly foreign labour migration, has become central to Nepal's economy and poverty dynamics. By NLSS III, around 37 percent of the population

aged five and above had migrated, with 12 percent involved in international migration, mainly men from poorer households seeking work in Gulf countries and Malaysia under risky conditions. While remittances now contribute to nearly 30 percent of household income, sustaining daily consumption for many. Such reliance is fragile and temporary. Reintegration of returning migrants into the domestic economy remains nominal, leaving families dependent on continued out-migration rather than stable local livelihoods. This creates structural vulnerabilities: Nepal's agricultural and non-farm sectors face labour shortages, especially of working-age men which undermined productivity and long-term economic resilience. Migration, therefore, serves as a instant coping strategy for poverty rather than a lasting solution.

Seasonal Poverty

The Seasonal poverty patterns reveal that despite overall poverty reduction; many Nepali households remain highly vulnerable to seasonal fluctuations. Poverty peaks consistently during the monsoon months (June to September), when agricultural work slows and employment opportunities shrink, while it reaches its lowest during the festival season (October to January), supported by remittance inflows and temporary income. In NLSS III, poverty ranged from 18.4 percent in the festive season to 23.5 percent in the monsoon; NLSS IV showed similar figures, from 17.56 percent to 22.50 percent. These recurring cycles suggest that a significant share of the population hovers just above the poverty line, highly dependent on fragile and temporary income sources.

Intra-poor Inequality

Intra-poor inequality has emerged as a critical concern despite reductions in the national poverty rate. Data from NLSS I to IV show that while fewer households now fall below the poverty line, the poorest among them face worsening deprivation. According to NLSS IV, the Squared Poverty Gap stands at 1.91 percent in rural areas and 1.29 percent in urban areas. This highlights deeper severity among rural poor. This indicates that not all poverty is equal: some households lack far more than others in essentials like food, healthcare, and shelter. Such disparities often remain hidden in national averages but reveal that progress has not been inclusive. Focusing policy efforts only on moving people just above the poverty line risks ignoring those in extreme poverty who continue to face structural exclusion, especially in remote and marginalized communities.

Enduring Cause of Poverty

While Nepal has made commendable strides in reducing its national poverty rate, a closer

look reveals a story of fragile progress built on precarious foundations. The headline statistics, which show poverty falling from over 41% in 1995/96 to around 20% in 2022/23, mask deep-seated structural issues that continue to trap a significant portion of the population in a cycle of deprivation. As seen in figure 1, the causes of this enduring poverty are not singular but are interwoven, creating a complex challenge that income from abroad alone cannot solve.

The Paradox of a Remittance-Reliant Economy

The single most significant driver of poverty reduction in Nepal has been remittances sent home by millions of migrant workers. These funds, which accounted for nearly a third of poverty reduction between 2011 and 2023, have served as a crucial lifeline, enabling households to improve consumption, invest in better housing, and afford education for their children.

This reliance is a double-edged sword. It reflects a fundamental weakness in the domestic economy, which fails to generate sufficient and decent employment for its people, particularly its youth (evidenced by a 22.7% youth unemployment rate in 2022/23). By “exporting” its labor force, Nepal has essentially outsourced its social safety net. This creates profound vulnerabilities like ‘External Shocks’ and ‘Erosion of Internal Capacity’.

Stagnation in the Agricultural Backbone

Agriculture remains the primary employer for a vast majority of Nepal’s population, yet it is characterized by low productivity, subsistence-level farming, and minimal income generation. The agricultural sector’s failure to modernize is a core driver of rural poverty. Farmers are often trapped in a low-yield, low-income cycle due to several interlocking factors like Poor Infrastructure, Climate Vulnerability, Limited Access to Technology and Credit facilities.

Deep-Rooted Social and Structural Inequalities

Poverty in Nepal is not distributed randomly; it has clear social dimensions. Entrenched hierarchies based on caste, ethnicity and gender create formidable barriers to social and economic mobility. Groups such as Dalits, certain ethnic minorities (Janajatis) and women are systematically disadvantaged. This isn’t merely a social issue; it’s a critical economic one. Discrimination prevents individuals from these groups from accessing quality education, healthcare, land ownership, and fair employment, directly limiting their human capital and earning potential.

These disadvantages are passed down from one generation to the next, creating cycles of poverty that are extremely difficult to break. For instance, a child from a marginalized community who is denied access to good schooling is less likely to secure a stable job as an adult. Even as overall poverty declines, these groups often lag significantly behind, meaning the benefits of development are not shared equitably.

The class is based on variations of “poor” and “non-poor” (Özgün & Dolcerocca, 2023). Also, this is the concept of hierarchy between different strata of society such as “workers” and “non-workers” who maintain the relationship of oppressor and oppressed through economic, psychological and social processes (Aryal, Suwal & Adhikari, 2025; Aryal, 2025). The status of class is like stagnation in social order. The class persons are less likely to declare themselves individually from the socio-political, economic, and resource-based status (Manstead, 2018). The upper class, who were in access to resources and opportunities, reserved all available life chances for every level of decision-making and resource mobilization. In the case of Nepal, the class construction is legacy-based, as we can see the upper classes are the heirs of the resource holders’ backgrounds. From the feudalistic social construction to the current context, the hegemony in class is determined by the background of an individual. From the introduction of various political regimes over time, class construction is not a new dimension, but it is like preset practices, where the level and access to resources are determined by the ‘ascribed status’ rather than ‘achieved states.’ The evidence for this is that we can see the higher-level bureaucrats, politicians, and even academics belong to higher classes, especially the Brahmin and higher castes of the Newar community. Other groups are merely presenting their own social groups in the higher level (Jamil & Baniamin, 2020).

The “Last Mile” Infrastructure and Service Deficit

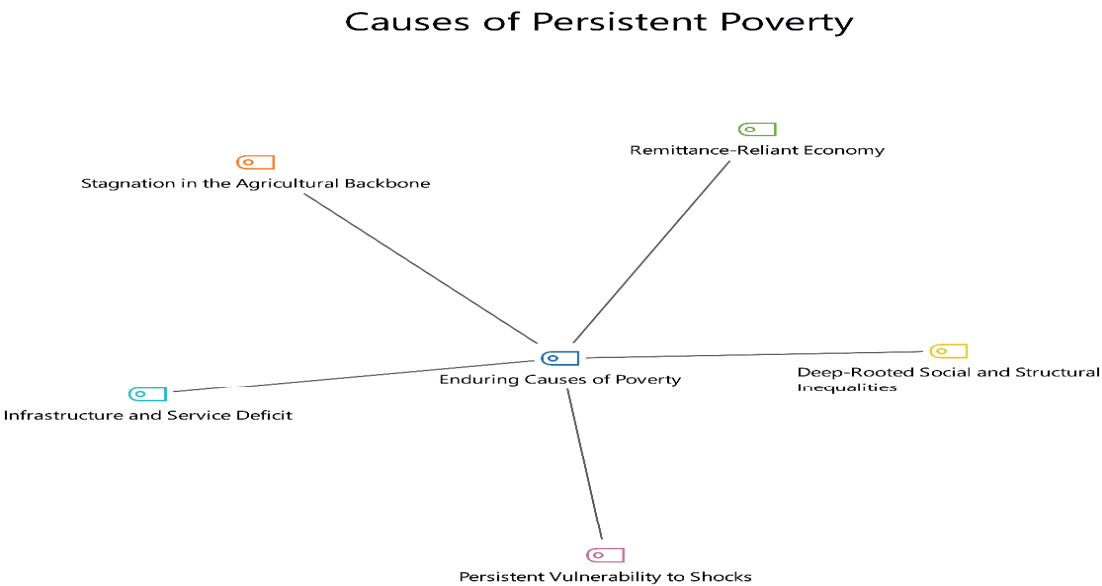
While there have been national improvements in infrastructure like roads and electricity, many remote and mountainous regions remain disconnected and underserved. This creates pockets of intense poverty that are physically and economically isolated. This “last mile” problem is a crucial barrier to inclusive development. When communities are cut off, they face multiple, compounding disadvantages such as Market Disconnection, Limited Human Capital and Weak Governance. This geographic penalty ensures that poverty in Nepal remains spatially concentrated, with progress in accessible areas failing to reach those who need it most.

Persistent Vulnerability to Shocks

Many households that have escaped poverty are hovering just above the poverty line. Their position is precarious, and they lack the resilience to withstand shocks. Vulnerability is a defining feature of poverty in Nepal. A single event can erase years of hard-won gains. The primary threats are: Health Emergencies, Climate and Natural Disasters, Economic Downturns and Crop failures.

Figure 1

Themes Reflecting the Enduring Causes of Poverty



Conclusion

Nepal’s experience with poverty reduction shows visible progress on paper, with national poverty rates declining over the past three decades. However, many of this improvement is fragile and dependent on temporary works and remittances rather than a strong, sustainable domestic income sources. While per capita income and access to services have improved, the core structural issues remain unresolved. Many counted as “employed” are engaged in unstable or unpaid work, and access to education or health services is often limited by quality and cost barriers, especially for the poorest. Seasonal poverty patterns reveal that large numbers of families still live just one uncertainty away from falling back into poverty, with regions like Karnali and Sudurpashchim showing particularly high dependency ratios and deprivation.

Resource-based access and deprivation from resources are the indicators of poverty; for this, the geographical distance from the capital and being ignored by the political and administrative systems are the causes of poverty in the case of Nepal. For this, the poverty in the case of Nepal is mainly based on resources, but there are many other hidden variables that knowingly and unknowingly affect the class construction process.

A critical concern is the mass outmigration of educated youth, draining Nepal's human capital even as literacy rates improve. This creates a paradox where rising education levels do not translate into national growth. Without reintegrating these young people and strengthening domestic employment and production, Nepal's poverty gains risk being temporary. Real and lasting poverty reduction requires moving beyond remittance-driven consumption towards creating local, lasting opportunities that address deep social and geographic inequalities.

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Appendice

[1]**Estimations:** Some values marked with ‘*est.*’ (estimated) were not explicitly reported in the respective NLSS rounds but have been approximated using a combination of inter-survey trend analysis, proxy indicators, and cross-referenced development reports. For example, in cases where facility access data was missing for NLSS I or II, values were inferred based on known figures from subsequent rounds and validated against sectoral trends (e.g., electricity access or road access from rural infrastructure reports).

To illustrate, bus stop access in NLSS I is not directly published, but considering it reached 52% in NLSS II and factoring in Nepal’s modest rural transport expansion in the late 1990s, an estimated 40% was deemed reasonable. Similar estimates were supported through triangulation with population census data, DHS reports, and sector progress benchmarks such as SDG targets Example (Water Aid, 2010).