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Horizontal Inequalities and Violent Conflict in Nepal

This paper argues that conflict could occur when horizontal inequalities (HIs) last for a longer time, as this gives opportunities to political leaders to mobilize dissatisfied caste and ethnic groups against the state. Using the data of the 1990s and early years of the new millennium, the study validates the argument by presenting data on four dimensions of the HIs—cultural, economic, social and political. It examines factors of language and religion for explaining cultural HIs: poverty, income, and employment related indicators for economic HIs; literacy, educational attainment and the human development index for social HIs; and participation in state organs for political HIs. The paper demonstrates that there are high inequalities among different caste and ethnic groups of Nepal in the four dimensions. The situation of excluded caste and ethnic groups such as Dalit, Janajati, Madhesi and Muslims is the same as before or even worsening compared to Brahmin/Chhetri and Newar in those dimensions.

INTRODUCTION

Nepal's social mosaic is as diverse as its topography. It has 103 caste and ethnic groups speaking more than 92 languages. Despite such diversity, Nepal has never experienced violent conflict until February 1996 when the Communist Party of Nepal (Maoists) began their people's war. The Maoists raised a 40-point list of demands which were multifarious and covered four aspects: political, social, cultural and economic transformations.[1] These demands were not fulfilled by the government, and consequently the Maoists began their war in February 1996. Initially, they raised these demands on the basis of class inequality and later switched over to address inequality between caste and ethnic groups. The conflict was launched at a time when the economy was growing at a modest rate of around five percent. This suggests that there was a need for "growth with equity" —equity among both individuals and groups.

The effects of Maoist conflict is documented elsewhere (Tiwari 2009, INSEC 2007, Thapa and Sinjapati 2004). It had wide ranging effects, the most critical being the loss of human lives. The conflict killed 13,347 people and damaged properties worth more than five billion Rupees by the end of 2006. The effect was greatest in the Mid-Western Development Region where the conflict started. Judging by the number of casualties, the intensity of the conflict can be divided into two phases: (i) a medium intensity conflict until July 2001, and (ii) a high intensity conflict beginning in November 2001, with the failure of the first peace talks held from July to November 2001 followed by the subsequent mobilization of the army.

The conflict came to an end with the signing of the comprehensive peace accord (CPA) on November 21, 2006. Some significant achievements have been made since then; the major ones include most notably the absence of deadly conflict and an increasing recognition of marginalized groups, as indicated by the number of marginalized group representatives in the new Constituent Assembly and symbolized by the election of a Madhesi head of state. However, the struggle for identity recognition and inclusion in the process of making a new constitution in Nepal is still ongoing.

The implementation of the CPA and the restoration of lasting peace require that the reasons for the decade-long Maoist conflict be addressed. Some studies have been conducted on this subject, but most of them either lack empirical footing or are inconclusive. Those that are empirically based are not conclusive: some point to poverty and underdevelopment while others advance landlessness as the reasons behind the conflict. This divergence is due to differences in approach and methodology. Most of the empirical studies use district level data on poverty and wellbeing related

1. The 40-point demand is given in Gurung 2005.

indicators and make an attempt to explain conflict measured in terms of the number of people killed and displaced or by some other measure of insecurity. Additionally, there are some studies that present data on exclusion and inequality by different caste and ethnic group and by gender, but they do not establish a connection between inequality and conflict. In fact, there is a dearth of detailed empirical studies on horizontal inequality (HI) as an explanation for the conflict in Nepal. In view of this shortcoming, the present study makes an attempt to understand it from the lens of exclusion and inequality of different caste and ethnic groups—a variant of HIs—in Nepal.

This paper argues that enduring horizontal inequality provided a basis for the Maoists to mobilize various groups with grievances. In order to develop this argument, the paper is organized into four sections. The next section of the paper considers the concept and role of horizontal inequality and distinguishes it from the traditional concept of inequality among individuals which Stewart (2000) calls vertical inequality. The third section reviews the literature on the relationship between such inequality and conflict in Nepal and identifies the gap in the knowledge of the subject. Subsequently, the Section provides empirical evidence of inequality in four dimensions across the various caste and ethnic groups to support the argument of the paper that horizontal inequality offered the ground for violent conflict in Nepal. The final section summarizes key findings in order to provide an explanation for the rise of conflict.

THE CONCEPT OF HORIZONTAL INEQUALITIES

Horizontal inequalities (HIs) refer to inequalities between socio-culturally defined groups with shared identities formed around religion, ethnic ties or racial or caste-based affiliations. It is distinguished from vertical inequality, a term coined by Frances Stewart (2000), which refers to inequality mostly between individuals within an otherwise homogenous population. Thus, vertical inequalities focus on individuals, whereas horizontal inequalities refer to inequalities between groups. Horizontal inequalities are multidimensional and encompass economic, social, cultural and political dimensions as follows:

- The economic dimension includes inequalities in ownership of assets, income and employment opportunities.
- The social dimension covers inequalities in access to a range of services and in their human outcomes (including education, health and nutrition).
- The political dimension consists of inequalities in the distribution of political opportunities and power across the groups at different levels, including political, bureaucratic and military power.
- The cultural dimension refers to differences in recognition and hierarchical status of the cultural norms, customs and practices of different groups (Stewart. et al. 2007; Langer and Brown 2007).

Each of these dimensions is important in itself, but any one of them can also hamper progress made in other dimensions.

Horizontal inequalities are closely related to the concept of social exclusion, and the two concepts are at times used interchangeably. Unequal societies in which certain groups are discriminated against can lead to the exclusion of those groups. Similarly, social exclusion fuels inequality between groups. Like horizontal inequalities, social exclusion is multidimensional, encompassing social, economic and political forms of exclusion. However, horizontal inequalities are not always severe enough to lead to a situation defined as social exclusion. Policies and initiatives to reduce horizontal inequalities and social exclusion can be quite similar; both take a multidimensional approach and generally target groups rather than individuals.[2]

The Role of Horizontal Inequalities in Conflict

The contemporary rational choice literature on the origins of conflict and civil war offers two possible explanations: (i) grievance and (ii) greed or opportunities. The first refers to historical injustices and inter-group inequalities in economic, social and political rights, and the second explanation emphasizes the role of rents, which are occasionally lootable, in producing inter-group rivalry for their control. Both of these ultimately can result in war. Similarly, Collier and Hoeffler (1999) grouped potential causes of conflict into two groups: the quest for justice and the quest for loot. Of these two explanations, the grievance approach is more relevant for explaining the Maoist conflict in Nepal.

Horizontal inequalities support the grievance approach and originate in the theory of relative deprivation. Primarily influenced by the work of Gurr (1970), Stewart (2000) advanced horizontal inequalities as the reason behind grievances felt by excluded groups which, when mobilized by "conflict entrepreneurs," can erupt into violent conflict.[3]

However, several studies conducted in different parts of the world provide reasons other than horizontal inequalities as the cause of conflict. Collier and Hoeffler (2004b), and Fearon and Laitin (2003) found that poorer countries face greater risk of conflict; however, their interpretation is different. Collier and Hoeffler argue that the low opportunity cost for rebels and the large stock of easily expropriated natural resources or primary commodities in an area are the motivating factors behind the conflict. On the other hand, Fearon and Laitin hold that conflict develops in poor countries because they have weak governance due to a lack of resources, as suggested by Deng (2004). Langer (2005) also points to the fact that people—both rich and poor—in many societies and states have been living together in harmony for generations without any violent conflict among them. But this refers to cases of vertical inequality or

2. http://www.gsdrc.org/go/topic-guides/social-exclusion/links-between-social-exclusion-and-inequality

3. Stewart et al. (2006) used the word 'conflict entrepreneur'. This refers to unsatisfied leaders who mobilise groups with grievances for conflict.

inequality among individuals. Against this backdrop, the main argument of this paper is that an individual deprived of political, economic, social and cultural rights cannot revolt, but a deprived group can fight against the state if it is mobilized by a political party or leaders.

Therefore, Ostby (2004) suggests that the inequality-conflict nexus needs to be investigated both vertically and horizontally, with more refined measures of various dimensions of inequality. The main objective of her paper is to explore whether or not horizontal inequality affects the probability of civil conflict when tested quantitatively across many cases. Using data from Demographic and Health Surveys (DHS) for 33 developing countries, Ostby constructs aggregated macro-indicators for inequality between the two largest ethnic groups in each country along three dimensions: social, economic and health-related. She also generates measures of ethnic fractionalization and polarization based on the DHS data. The main findings of her study are: (i) social horizontal inequality is positively related to conflict outbreak; and (ii) ethnic composition and inequality between individuals are not significant explanations for conflict. Therefore, she concludes that it is too early to reject the inequality–conflict nexus and that future conflict studies should also explore the concept of "horizontal polarization".

Stewart (2005b) argues that reducing inequalities between groups should be a significant aspect of policy making in the post-conflict period. The paper argues that the types of policies aimed at reducing group inequalities are fairly common in ethnically divided societies. They are of two types: (i) policies designed for correcting unfair processes, and (ii) positive discriminatory policies such as the use of quotas and targets. These policies have been effective in Malaysia and North Ireland in sustaining or promoting peace. Despite their importance in many post-conflict situations, the author points out that they rarely form an explicit part of the post-conflict development agenda. Stewart (2005b) illustrated this point by reviewing general statements about post-conflict policies and examining two case studies—Mozambique and Guatemala—where horizontal inequalities were one of the sources of conflict. She found that HIs have been ignored in post-conflict Mozambique where in fact most policies have tended to accentuate the inequality. In Guatemala some of the peace protocols contained provisions for correcting horizontal inequalities but they have not been put into effect. This is mainly because political obstacles prevented such policies from being adopted. The author suggests that such policies need to be adopted with political sensitivity as they can become a source of conflict themselves, as in the case of Sri Lanka.

While there has been considerable analysis of the impact of structural adjustment policies on poverty and inequality among individuals, there has been almost none on the impact of structural adjustment on inequality between culturally defined groups. Therefore, Langer et al. (2007) point out that socio-economic inequality among groups is important from a number of perspectives – it can have adverse effects on the wellbeing of members of deprived groups, it can impede efficiency, it may make it very difficult to eradicate poverty, lead to unfair and exclusionary societies, and increase the risk of violent conflict. Hence, the authors suggest that it is important to analyze the impact of structural adjustment policies on horizontal inequality.

Langer and Brown (2007) analyze the relationship between culture and conflict within the broader framework of horizontal inequalities. Their paper argues that an important link between culture and group mobilization, including violent conflict, is the extent to which cultural groups' practices and customs are differentially recognized in and by the state. Differences in the status afforded to different cultures by the state, whether implicitly or explicitly, and popular perceptions of and anxieties over differences in cultural status constitute a dimension of horizontal inequalities. The authors describe them as cultural status inequalities. Moreover, the paper argues that the most dangerous situations exist where all three dimensions of horizontal inequality – socioeconomic, political and cultural status – run in the same direction, or are consistent.

In summary, the research conducted by CRISE and some others suggest that horizontal inequality is more likely to provoke conflict when:[4]

- it is not only sustained, but also widens over time.
- it is consistent across four dimensions.
- group boundaries are relatively impermeable. If there is easy mobility across group boundaries, then inequalities can be overcome at the individual level if not at the group level, by individuals "joining" the more privileged group.
- there are fairly large numbers of people in different groups. If the underprivileged group is very small, then the chances of successfully advancing their position through conflict may also be small (or the conflict can be easily suppressed), making violent conflict less likely.
- aggregate incomes are stagnant or slow growing, so that there is little or no improvement in the absolute economic and social position of the deprived.
- groups are sufficiently cohesive enabling collective action to emerge.
- leaders emerge and are not incorporated into the ruling system; this is particularly likely to be the case where there is political inequality (or political exclusion of some groups).
- the government is irresponsive (or, worse, proactively and violently repressive) and consequently there is no redress for problems through peaceful means (Stewart 2005a).

Using data gathered from eight country case studies,

4. See www.crise.ox.ac.uk for research by CRISE on horizontal inequality.

Stewart et al. (2007) held that horizontal inequality can cause conflict when there is inequality among the socio-cultural groups (Box 1). In summary, they advanced the idea that horizontal inequality is a multidimensional concept, and it can be an important source of conflict, especially where the inequalities are consistent across the four dimensions. While social and economic horizontal inequality generally generates fertile ground for conflict to emerge, and cultural status inequality acts to bind groups together, political inequality between groups provides incentives for leaders to mobilize people for rebellion. Conditions of severe socio-economic inequality, abrupt changes in political inequality, or cultural events (in which important cultural or religious symbols are attacked) often constitute powerful triggers to conflict (Stewart et al. 2007: 432–33).

It is generally accepted that none of the four dimensions act alone, but that it is the dynamics, or interplay between them that can lead to violence. For example, political and economic inequalities can enable elites to manipulate ethnic or religious identities into violent conflict. Natural resources may not cause conflict, but they may prolong it, and are often central to the political economy of war.

HORIZONTAL INEQUALITIES AND THE MAOIST CONFLICT IN NEPAL

Most of the studies conducted on the causes of the Nepali conflict do not employ horizontal inequalities as tools of analysis. Generally, they have proposed economic inequality among individuals or spatial inequality (as measured by the poverty rate or gini coefficient of income or assets such as land) rather than inequality between the social or cultural groups as the reason for conflict (Karmacharya and Sharma 2003, Pandey 2000). Others have described exclusion and inequality with a focus on the excluded groups (Lawoti 2002, Neupane 2005, and DFID and World Bank 2006), but they do not directly link this with the conflict. However, this paper reviews only those which deal with horizontal inequalities or have alluded to horizontal inequalities. Readers interested in other studies can find a brief review in Tiwari (2009).

Gradstein and Milanovic (2004) found that social exclusion is common in Nepal and has been the fundamental reason why Maoists received support from excluded groups. Exclusion is along overlapping caste, ethnic and geographic lines. Abrupt political transitions and inexperience with democratic processes in general tend to exacerbate entrenched social exclusions within society.

Murshed and Gates (2005) argue that Nepal's development process has neglected agriculture, and rural poverty is exacerbated by high levels of landlessness, despite some unsuccessful attempts at land reform in the 1950s and 1960s. Loopholes allowed large landowners to continue to control the most land. According to the 2001 census 1.2 million, or around one quarter of the total households in Nepal, do not own land. The authors found a positive association between landlessness and intensity of conflict.

Box 1: What does the evidence show about the relationship between Horizontal Inequalities and conflict?

Based on 8 country studies from three regions of the world and some inter-country analysis of a broader range of countries, the following are the major findings on the relationship between HIs and conflict.

1. The probability of conflict occurring rises where socioeconomic horizontal inequalities and exclusion are higher

2. Conflict is more likely where political and socioeconomic HIs are high and exist together.

3. Inclusive (or power-sharing) governments tend to reduce the likelihood of conflict.

4. Inequality of cultural recognition among groups is an additional motivation for conflict.

5. Perceptions of horizontal inequalities affect the likelihood of conflict

6. The presence of natural resources can be a significant cause of separatist conflict, as well as of local conflict, often working through the impact this has on HIs.

8. The nature of the state and the role of the government are of enormous importance to whether or not serious conflict erupts and persists.

9. International policies and statistics are too often blind to the issue of HIs.

Stewart et al. 2007

There is also inequality in access to formal sector jobs. Civil service employment reflects caste differences. The Brahman-Chhetri-Newar ethnic groups dominate the highest job levels such as the Secretary and Joint Secretary of government ministries and departments as 87 percent of all university graduates are from the higher status ethnic groups and castes. Many jobs are said to be allocated according to social connections. Democratization in 1990 appears to have increased corruption and nepotism and weakened legal institutions (Pandey 2000).

Lawoti is one among few Nepali researchers who pursued inequalities between caste and ethnic groups in the later years of the conflict. In his 2007 study he argues that over-centralization of the polity was the underlying cause of the multiple violent and nonviolent conflicts and crises in Nepal. Governance structures, including the first-past-the-post electoral system and the centralizing political culture, concentrated power in the center. Moreover, centralized power was mostly concentrated in the executive body and accessed largely by Brahman and Chhetri castes of the Hills. This over-centralization contributed to abuse of power, corruption,

erosion of democratic institutions, and governmental instability. He argues that centralization also contributed to ethnic exclusion and conflicts. However, the study does not show the relationship between horizontal inequalities and conflict.

The first important study looking empirically into the relation between horizontal inequality and conflict in Nepal is by Murshed and Gates (2005). It suggests that grievances rather than greed are the main motivating force and that horizontal and inter-group inequality is central in explaining social conflict in Nepal. The conflict has both caste and ethnic dimensions. Additionally, the study found that the intensity of conflict is considerably higher in the mid- and far-western development regions of Nepal where there is lack of human development and considerable inequality in the distribution of land. According to the authors, ethnicity mobilizes groups to fight each other, and that ethnicity, whether based on language, religion or some other form, is a far more powerful catalyst for conflict than is social class. The authors found that grievance is rooted in deep inter-group disparities encompassing: (i) asset inequality, (ii) unequal access to public employment and public services, (iii) over-taxation, and (iv) economic mis-management. Thus, they inferred that development strategies failed to meet the challenges of poverty and the reduction of horizontal inequality.

Hatlebakk (2007), who excludes the Tarai districts plus Rolpa and Rukum from his analysis, estimated a Poisson regression model with level of conflict as the dichotomous variable. He denies the finding described by Murshed and Gates (2005) that landlessness has a positive influence on the level of conflict. He separates "Maoist control" from "level of conflict" in these districts, and finds that poverty, in contrast to landlessness, explains Maoist influence.[5] Thus, he found that districts with more landless people are less likely to be affected by conflict, as measured by the number of casualties and displacements. He points out that Murshed and Gates (2005) found a positive correlation between landlessness and conflict because they used the actual number of killings per person of a district as the dependent variable and estimated regression for all 75 districts including Rolpa and Rukum where the largest numbers of people were killed. He also shows that if Rolpa and Rukum are excluded then their positive relationship disappears. Therefore, he argued that it is because of methodological fallacies, viz, the inclusion of outlier districts, viz. Rolpa and Rukum, such a correlation appears.

While Murshed and Gates (2005) found that grievance due to land inequality is the motivating force for conflict and that Nepal's conflict has ethnic and caste dimensions, Do and Iyer (2007) found higher conflict intensity in the districts with higher poverty or lower level of economic development, but weaker evidence that caste and ethnic divisions and linguistic diversity are correlated with intensity of civil conflict.

Using district level data of 72 districts, Tiwari (2007) estimated two regression models with two separate dependent variables used to measure the conflict: (i) a logit model with level of insecurity as a dummy dependent variable – districts with conflict were assigned a value of one and districts without conflict were assigned a zero value; and (ii) a linear regression model with number of people killed as the dependent variable. The specification of the "level of insecurity" is based on the stages of conflict as defined by the UN system in Nepal. Districts at stage 3 have been considered districts with conflict, and those with stages 1 and 2 were thought of as without conflict because in the latter two stages the UN continues its operations throughout the district.[6]

Based on the two models, Tiwari (2007) found that in addition to poverty and food security, caste polarization is also correlated with conflict.[7] In particular the author found that districts with a higher proportion of Janajatis (Indigenous people) have a lower level of insecurity/conflict. Therefore, this study corroborates the findings of Gurung (2005). Given the fact that the poverty rate among Janajati is higher than that among Brahman and Newar in Nepal; this at first glance suggests that poverty is not the sole reason for the conflict. However, when poverty is coupled with other grievances, conflict could erupt. But this requires group cohesion and mobilization against the state, and therefore a need to study horizontal inequalities .

Ostby (2004) points out that various studies have come up with different results mainly because of methodological differences. However, civil wars occur when groups mobilize against each other; their leaders use ethnicity, or some other characteristic like religion, to unite and mobilize the group. Such mobilization is effective where there are substantial horizontal inequalities rather than vertical inequality (Stewart 2000). This suggests that horizontal inequalities are more important than vertical inequality for the onset and

5. Hatlebakk (2007) distinguishes between the terms "Maoist control" and "level of conflict": the former refers to the districts where Maoists gained control by establishing their own government, and the latter refers to the number of people killed or displaced in a district. He separated these two concepts because the districts where Maoists have established their control do not necessarily have a higher number of casualties.

6. The UN classified districts in Nepal according to their security situations as they apply to UN personnel. There are five phases of security, starting with phase one with the lowest insecurity and five with the highest insecurity, as follows: Phase 1: warning; phase 2: restricted movement; phase 3: relocation; phase 4: emergency operation; and phase 5: evacuations. As of December 2, 2004, the UN classified districts within three phases: 38 districts in phase one; one district in phase two; and 36 districts in phase three. For further details see (Tiwari 2007 and 2009).

7. Here poverty refers to head count poverty rate; food security is measured as the rate of stunted growth among children under five, and caste polarization is measured by the proportion of Janajati to the total population. Generally, the districts with a larger proportion of Janajati have less caste polarization.

continuation of civil war.

The studies reviewed above have the following lacunae:

1. Some are static, presenting data collected at one point in time, and thus fail to validate the reasons for conflict;
2. Some others depict the inequality but hardly link it with its possible consequences such as violent conflict;
3. Several studies are descriptive and lack empirical analysis;
4. Most of the studies have a spatial focus;

Most of the studies are not conclusive; moreover there is dissimilarity in their results partly because of the differences in the methodology and partly because of the lack of a comprehensive conceptual framework.

This study fills the gaps noted above by taking a systematic presentation and analysis of horizontal inequality in its four dimensions and linking them to the conflict. The study is cognizant of the fact that horizontal inequalities cannot of themselves result in violent conflict unless "conflict entrepreneurs" mobilize groups to ignite conflict. Thus, horizontal inequalities provide an environment where conflicts can begin and thrive.

Horizontal Inequality in Nepal

The Maoist conflict in Nepal was not a sudden event. It was an organized conflict initiated as early as 1996 and it continued for more than a decade. A conflict triggered by a leader cannot be sustained unless there is constant socio-economic inequality between different groups. Consequently, the present paper advances the following two interrelated arguments which suggest a reason for the conflict in Nepal.

- Conflict is more likely to occur where there are significant cultural, political and socio-economic horizontal inequalities between different caste and ethnic groups; and
- conflict is more likely to occur when horizontal inequalities are being sustained or are widening across caste and ethnic groups.

In order to advance these two arguments, the paper uses data collected in the 1990s and the early years of the new millennium when the conflict expanded and reached its pinnacle in 2002. The method adopted is to present various socio-economic indicators and political participation indicators across caste and ethnic groups at two points in time and find out how unequal the groups are in terms of these indicators. Secondary data has been used from following surveys:

- Population census 1991 and 2001
- Nepal living standards survey (NLSS) 1995/96 and 2003/04
- Nepal Demographic and Health Survey (NDHS) 2006

As a single survey does not cover all dimensions of inequality, it is difficult to use the same two points in time for comparison across all the dimensions. Thus, income, expenditure and poverty are compared for the years 1995/96 and 2003/04 using NLSS data, whereas literacy and education are presented and contrasted for 1991 and 2001 based on census data. The human development index is estimated primarily based on the 2006 NDHS data. Additionally, political participation is compared for the years 1999 and 2006 using data extracted from Lawoti (2007) and Neupane (2005).

The Social Mosaic of Nepal

Horizontal inequality has not been well researched in Nepal because data classified by caste and ethnicity was not collected in the population census until 1991. Therefore, there is still a lack of adequate data on different dimensions of welfare organized in terms of these rubrics.

The 2001 census in Nepal recorded a population of 23,151,423 people, of whom 51 percent were female.[8] The cultural and social mosaic as presented in Annex 1 reveals that Nepal is not a country with a simple majority-minority. However, Hinduism is the dominant religion and Nepali is spoken by a little less than half the population. The country has recently been declared a secular state along with several other transitions including its declaration as a republic. Further details are given in UNDP/Nepal (2009).

Household sample surveys collect information from a limited number of samples. This is hardly enough to estimate the values of indicators for 103 caste and ethnic groups. Therefore, generally these groups are merged into around 11 broader categories in order to use survey data to estimate and analyze horizontal inequality.

Various studies have grouped caste and ethnicity somewhat differently. However, across most of the studies, the three major groups that appear common are Janajati, Brahman and Chhetri, and Dalits which comprise around 37%, 33% and 12% of the total population, respectively (Lawoti 2007, UNDP/RIPP and NTG 2006, and DFID and World Bank 2006). Besides, the one group, which has a larger share is "Tarai Middle castes" holding about 13 percent of total population (DFID and World Bank 2006). While most Brahman, Chhetris and Dalits speak Nepali, Janajatis speak different languages such as Tamang and Magar. Additionally, a larger number of other Nepali people speak Newari, Maithili and Bhojpuri (Annex 1).

Following the DFID and World Bank (2006) classification, this paper uses 7 groups and 11 sub-groups for the analysis of horizontal inequality mainly in three dimensions: political, social and economic. The following sections first describe the cultural dimension followed by the economic, social and political dimensions.

Cultural Discrimination

In contemporary Nepal, gender, caste and ethnicity are

8. However, because of the conflict, the population census was not conducted in all the settlements and therefore information was enumerated for only 22,736,934 people.

major defining categories and sources of individual identity. The Nepal Human Development Report 2009 outlines seven types of exclusion and discrimination, including caste, ethnicity, region and gender-based discriminations (UNDP/Nepal 2009). Caste-based discrimination involves discrimination against Dalits; the region-based discrimination is against Madhesi, and ethnicity-based discrimination is against the 59 indigenous nationalities that do not fall into the caste system in Nepal. Therefore, the excluded groups in Nepal, in addition to women and the people of the mid-Western and Far Western development regions, are the Janajati, Madhesi, and Dalits. However, women are not subject to horizontal inequalities, and the spatial inequality has been well researched in the past. Therefore, they are not discussed here.

Cultural discrimination on the following three grounds helped to promote the formation of cultural identity in the past: (i) differential treatment (formal and informal) with respect to religion and religious observation, (ii) differential recognition of languages, and (iii) and differential treatment of ethno-cultural practices. The cultural differences of mountain, hill and Tarai, are also strong factors in identity formation, and creating differences between the people of Tarai and the Hills of Nepal.

The "one religion, one language and one culture" policy of the state in the past ignored the cultural diversity, creating cultural exclusion through the lack of national recognition of other languages and of symbols like the dress and food of other ethnic groups. This primarily affected the Janajatis (who are almost 37 percent of the population, speak more than 80 languages or dialects, follow animism and have distinct cultural practices) and the Madhesis (who are linguistically and socially very diverse and follow different food and cultural practices than the people of the hills). The symbolism of dress has also created deep resentments e.g. the hill topi (a cap) is considered "Nepali," and the Madhesi dhoti is considered "Indian," which created identity issues for the Madhesis. This lack of recognition of linguistic and cultural diversity created a deep sense of disrespect and frustration among the Janajatis and Madhesis who felt undermined and humiliated. These cultural manifestations of differences have been present for generations. Cultural discrimination against certain groups served as a basis of solidarity to move against the state. Besides this, the caste- and gender-based discriminations also contributed to move against the state (see for detail UNDP/Nepal 2009).

Inequality in Economic Outcomes

This section presents data on poverty, income, consumption and employment levels in eleven caste and ethnic groups and examines the level of economic inequality among them.

Poverty and Inequality

Table 1 provides the estimates of the level of poverty in eleven caste and ethnic groups at two points in time: 1995/96 and 2003/04. It shows that only 19 percent of Newar were poor as opposed to 58 percent of Dalits in 1995/96. The percent of Janajati living in poverty was between these two groups with levels ranging from 49 percent in the Hills to 53 percent among Tarai Janajati. Only three caste groups had a poverty rate of one third or less, whereas the rest were above the national average of 42 percent in 1995/96. The economic situation of these caste and ethnic groups did not change in 2003/04 even after a period of 8 years. Dalits are at the bottom with the highest percent living in poverty (46%), and Newar had the lowest level of poverty (14%) in 2003/04 (Table 1). In fact, poverty rate among the caste and ethnic groups varies more widely than among the regions (See Annex 2 for spatial inequality).

This demonstrates that there is high economic inequality among different caste and ethnic groups. Moreover, the inequality is not decreasing over time. This is because the decrease in poverty is uneven: a rapid decrease occurred among advantaged castes like the Brahman, Chhetri and Newar (BCN), whereas a slow decline was found among Janajati, Dalits and Muslims between 1995/96 and 2003/04. Among the Janajatis, the rate of decline varies widely, with a higher reduction in poverty among Tarai Janajati than among their Hill counterparts.

Consequently, the Gini Coefficient, a measure of inequality, has increased from 0.34 in 1995/96 to 0.41 in 2003/04. Thus, in spite of a decrease in poverty across all caste and ethnic groups, there is a wide gap between the poverty rates of different groups. Dalits, Muslims and some indigenous peoples were the most deprived groups in 1995/96, and they still were in 2003/04.

Apart from the incidence of poverty, its depth and severity is also highest among Dalits and certain Janajatis (Table 1).[9] This shows a persistence of poverty and inequality among excluded groups in Nepal. The inherent reason for the highest levels of poverty among excluded groups is rooted in the asset-based inequality which is not discussed in this paper.[10] However, an attempt has been made to look further into their consumption/income in the following section.

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9. There are three measures of poverty: incidence, depth and severity, popularly known as FGT measures. while poverty incidence, also called as head count rate, shows the proportion of population below a poverty line, the other two poverty measures show depth or quality of poverty.

10. According to the NLSS 2003/04, the poverty rate was higher in landless households, households with a larger family size or a larger number of children and among the households with illiterate heads. In fact, the rate was found to decrease with increase in the size of holding, decrease in family size or number of dependents, and increase in year of schooling of heads, implying that apart from spatial and horizontal variation, the level of poverty also varies because of other characteristics (CBS 2005).

By occupational groups, poverty is highest among agriculture wage laborers followed by self-cultivating agriculture operators. In fact, the poverty rates among agricultural wage laborers remained virtually unchanged (56% in 1995/96 and 54% in 2003/04). This also implies that those who were poor before remain poor still.

Inequality in Income and Consumption

Like the poverty rate, the level of consumption also varied widely across different caste and ethnic groups in the years 1995/96 and 2003/04. Within this period, the consumption level increased for all groups but the increase was much larger for Newars and Brahman/Chhetris than Dalits. This implies that the consumption gap among different caste and ethnic groups has widened over time.[11] Moreover, a significant inequality in annual per capita income was found in 2003/04. It ranges from NRs. 8,830 among Hill Dalits to NRs. 23,900 among the Tarai Brahman and Chhetri. Even within the same caste and ethnic group, wide variation in income exists between the sub-groups and the rural and urban areas. The annual per capita income of a rural Brahman is just NRs. 15,674 which is less than half of the urban Brahman's per capita income. The discrepancy is even higher among the Newar. Among Dalits, the discrepancy is smaller, and smaller still among Muslim households where the per capita income of urban and rural Muslims is NRs. 11,563 and NRs. 10,126, respectively (Annex 3).

The wealthy in Nepal are those who do not adopt agriculture as their main occupation. They generally belong to Brahmin/Chhetri and Newar groups. These people mostly work as professional and administrative workers. On the other hand, the disadvantaged caste and ethnic groups such as the Dalits, Janajati and Madhesi have much less than a proportionate share in all non-agricultural spheres including government service. The Janajati, with a 37 percent share of the total population in 2001, held only 3 percent of technical positions and half a percent of administrative positions. Dalits make up 12 percent of the population but hold three percent of technical positions and 0.3 percent of administrative professions (Annex 4). One reason why Dalits occupy a higher percentage of technical positions than Janajati is because they run their own technical enterprises including sewing, shoe making and iron related activities. Compared to these two groups, the employment opportunities for Brahmans, Chhetri and Newar are better. There was an increase in the labor force participation in administrative and technical occupations between 1996 and 2001. However, the rate of increase does not correspond to that of the share of Dalit and Janajati peoples in the total population.

Inequality in Social Outcomes

Apart from economic inequality between groups, there is also social inequality. This is due to the inter-dependence of different types of capital and capabilities as explained by Stewart (2009). This section presents data on only two capabilities: literacy and educational attainment.

Table 1: Incidence of Poverty by Caste and Ethnic Groups, Nepal 1995-96 and 2003-04

Caste and Ethnic Groups	Poverty Headcount Rate			Distribution of the Poor			Distribution of Population		
	1995-96	2003-04	Change in %	1995-96	2003-04	Change in %	1995-96	2003-04	Change in %
Brahman/Chhetri	34.1	18.4	-46	26.7	15.7	-41	32.7	26.3	-20
Tarai Middle Castes	28.7	21.3	-26	2.9	1.9	-33	4.2	2.8	-34
Dalit	57.8	45.5	-21	10.6	10.9	3	7.7	7.4	-4
Newar	19.3	14.0	-28	2.5	3.4	35	5.5	7.5	38
Hill Janajati	48.7	44.0	-10	19.7	27.8	41	16.9	19.5	16
Tarai Janajati	53.4	35.4	-34	10.4	9.2	-12	8.2	8.1	-1
Muslim	43.7	41.3	-6	5.7	8.7	53	5.4	6.5	19
Other	46.1	31.3	-32	21.4	22.3	4	19.4	21.9	13
Total	41.8	30.8	-26	100	100	-	100	100	-

Note: The trends in poverty rates across caste-ethnic groups should be treated with caution.
Source: CBS 2005.

The literacy rate is lower among Dalits and religious minorities, including Muslims. It is highly unequal: only eleven percent of Tarai Dalits were literate compared to 59 percent of Tarai Brahman and Chhetri. The situation has not improved even after a decade. Even in 2001, the Tarai Dalits had the lowest proportion of literate individuals and the Tarai Brahman and Chhetri had the highest. In fact, between 1991 and 2001, the increase in the literacy rate was generally hovering between 10 to 14 percent for most of the caste and ethnic groups. And it is disheartening to note that the Tarai Dalit had the lowest increase at only 10 percent – merely one percent annual increase in the

11. The multivariate analysis of consumption patterns among different caste and ethnic groups indicates that the socially excluded groups have to pay a 'caste/ethnic penalty'. Even when the effect of factors such as the household size, the number of children in the household, the household head's occupation and level of education, land ownership, receipt of remittances, residence, ecological location, etc., are controlled, the average per capita consumption of groups which have suffered from social exclusion remains much lower than those of Newars and Brahman/Chhetris (DFID and World Bank 2006). This is the result of direct and indirect discrimination of the excluded groups in Nepali society.

literacy rate during the 1990s (Table 2).

The inequality in educational attainment seems to be unequal when the proportion of university graduate of a caste or ethnic group is compared to the group's percent of the total population as given in Table 3. For example, Brahman and Chhetris made up about 34 percent of the population; however, they had about 59 percent of graduates in the country in 1991. On the other hand, Dalits, with about 12 percent of the population, made up less than one percent of graduates. In fact, the educational situation of Dalits remained the same compared to other caste and ethnic groups during the decade 1991 – 2001. On the other hand, the proportion of graduates from the Brahman and Chhetri group increased from 59 to 67 percent. Thus, Dalits still have educational attainment levels far below those of the Brahman and Chhetri. Following the Dalits, Muslims and Janajatis have lower levels of educational attainment. In fact, the proportion of the population with School Leaving Certificates (SLC) and university graduate degrees decreased among Janajatis from 1991 to 2001 (Table 3).

Caste/Ethnicity and Human Development

The UNDP has used the human development index (HDI) as an all-encompassing measure of human development. Using data from the 2006 Nepal Demographic and Heath Survey, HDI estimates for 11 caste and ethnic groups are presented in Table 4. The comparison of HDI by caste and ethnicity shows that HDI varies widely across the groups. In fact, this variation is wider than the differences in HDI between geographical areas (see UNDP/Nepal 2009 for details). This points to a need to examine caste and ethnicity within a particular region. For example, in the Tarai, Dalits have the lowest HDI value, whereas Brahman and Chhetri have the highest (0.383 vs. 0.625).

The people of three caste and ethnic groups—Tarai/Madhesi Brahman/Chhetri, Newar and Hill Brahman—have higher HDI values (0.6 and above) than those of the Dalits, both from the Hills and the Tarai. Muslims have an index value of less than 0.425—lower than that for Dalits as a whole, but higher than the values for Tarai Dalits (Table 4). These results are very similar to those of the inclusion index constructed by Bennett and Parajuli (2008).[12]

Of the three components of the HDI, education is the most significant factor. This accounts for the wide gap between the Brahman/Chhetri and the other castes. The lower HDI for Dalits, especially Tarai Dalits and Muslims, is largely derived from their very low educational attainment levels compared to other components of HDI (Table 4). Their low human development or capability, as determined by this index, hinders their representation and participation in state and society– which, in turn, perpetuates their low level of human development. Unless broken by the state, this cycle can only continue.

Unequal Participation in State Organs

There is an unequal representation of different caste and ethnic groups in state organs and various elements of society including the executive, judicial and legislative branches of government, constitutional bodies, public service, political party leadership, local government heads and the heads of industrial, commercial, academic, professional, cultural, science and technology, and civil society associations.

Table 2: Literacy Rate of Individuals 6 Years and above by Caste and Ethnic Groups, 1991 and 2001

Caste and Ethnic Groups	Literacy Rate		Increase (%)
	1991	2001	
All Hill/Tarai Brahman/Chhetri (B/C)	**53.1**	**67.5**	**14.4**
Hill B/C	52.6	67.1	14.5
Tarai B/C	59.4	73.9	14.5
Tarai Middle Castes	**29.6**	**41.7**	**12.1**
Dalit	**22.6**	**33.8**	**11.2**
Hill Dalit	26.8	41.9	15.1
Tarai Dalit	11	21.1	10.1
Janajatis	**40**	**53.6**	**13.6**
Hill Janajati	43.1	56.2	13.1
Newar/Thakali	61	72.2	11.2
Other Hill Janajati	38.2	52.1	13.8
Tarai Janajati	28.7	44.8	16.1
Religious Minorities/Muslims	**23.1**	**34.5**	**11.3**
Others	25.6	50.1	24.5
Total	**40.1**	**53.7**	**13.7**

Source: TPAMF 2005.

The situation in Nepal regarding participation in the Supreme Court and cabinet by different caste and ethnic groups is also unequal. The Brahman and Chhetri, comprising one-third of the population, occupy about three quarters of the positions on the Supreme Court and council of ministers. Somewhat similar is the situation for the Newar. On the other hand, Dalits and Janajatis have been further marginalized and their situation has not improved over time (Table 5). Thus, men in the hill Brahman/Chhetri group and Newars dominate all three state organs: legislature, executive and judiciary.

It is important to note that in the history of Nepal after

12. Of the 11 caste and ethnic groups, Madhesi Dalit was found to be the most excluded group, followed by Hill Dalits, Muslims and then Tarai and Hill Janajatis, respectively. Inclusion index values ranged from 19% among Madhesi Dalits to as high as 94% among the Newars, reflecting high discrimination between caste and ethnic groups.

1951, all but one of the prime ministers (a Newar) came from the Brahman and Chhetri group (Lawoti 2007). Most of the opposition party leaders in parliament have also happened to be Brahman, Chhetri and Newar.

Moreover, the private sector is dominated first by Newars followed by Brahman and Chhetri. These two groups held about 90 percent of the top positions in prominent Nepali NGOs and human rights groups in 1999. They have an 80 percent hold in the media industry as editors, publishers and columnists. These data show that BCN males have enjoyed most of the power in both state and civil society (Lawoti 2007).

Table 3: Percentage Distribution of Population and Their Educational Attainment by Caste and Ethnic Groups, 1991 and 2001

Caste and Ethnic Groups	Percent of population 6 years+		Of which, percent literate			
	Total		SLC and above		Graduate and above	
	1991	2001	1991	2001	1991	2001
All Hill/Tarai Brahman/ Chhetri (B/C)	**33.8**	**32.8**	**57.2**	**59.4**	**59.2**	**66.7**
Hill B/C	31.6	30.9	49.2	54.3	48.9	59.7
Tarai B/C	2.2	1.9	8	5.1	10.3	7
Tarai Middle Castes	**10.7**	**12.9**	**8.8**	**9.2**	**6**	**7.7**
Dalit	**11.9**	**11.8**	**1.3**	**1.6**	**0.7**	**0.8**
Hill Dalit	8.8	7.1	0.9	1	0.4	0.5
Tarai Dalit	3.1	4.7	0.4	0.5	0.2	0.3
Janajati	**35.5**	**37.2**	**29.1**	**27.4**	**30.1**	**22.3**
Hill Janajati	27.7	28.5	26.3	23.8	28.9	20.1
Newar/ Thakali	*5.7*	*5.5*	*18.5*	*12.7*	*23.9*	*13.6*
Other hill Janajati	*22*	*23*	*7.8*	*11.1*	*5*	*6.5*
Tarai Janajati	7.9	8.7	2.9	3.7	1.2	2.2
Religious Minorities/ Muslims	**3.6**	**4.3**	**1.5**	**1.3**	**1.6**	**1.2**
Others	4.4	1	2.1	1	2.4	1.4
Total	**100**	**100**	**100**	**100**	**100**	**100**

Source: TPAMF 2005.

The composition of the parliaments highlights the exclusion of certain groups. The Brahmans and Chhetris have held around 60 percent of the parliamentary positions since 1959. The Newars have hovered just below 10 percent (Annex 5). In the 14 years since the advent of multi-party democracy in 1990, only one Dalit was elected to the House of Representatives. While the Janajatis do make up a substantial percentage of the parliament (23%), their representation was considerably smaller than their proportion in the population (38%); however, their representation in the Constituent Assembly (CA) election improved substantially.[13]

Unequal Participation in Bureaucracy

The participation of different caste and ethnic groups in the government bureaucracy is far from equal. In fact, the recruitment of gazetted officers (professionals) from Dalits, Janajatis, Tarai castes, and Muslims did not improve during the decade post-1990, while that of the Brahman/Chhetri group increased from 67 to 87 percent for the same period. The predominance of gazetted officers from the Brahman/ Chhetri group actually increased from 70 to nearly 90 percent between 1985 and 2002––and both Muslims and Dalits were almost invisible in government posts (Annex 6).

A similar situation exists in other branches of government. Among higher level police officers, 79 percent come from Brahman/Chhetri group, 13 percent from Janajati (only 1% from the Tarai Janajati), 11 percent from Newar and 0.5 percent from Dalit (Deva 2002). One of the reasons why Dalit, Janajatis and women are under-represented in these institutions is that their representation in political parties was nominal. Thus, the outcomes of political exclusion are manifested in other dimensions as well.

SUMMARY AND CONCLUSION

Based on the analysis of horizontal inequalities in the preceding section, the key findings are as follows:

i. poverty rates are higher among Dalits, Muslims and Janajatis in comparison to other castes; and the rate of poverty reduction is less among these caste and ethnic groups compared to others, implying growing economic inequality.
ii. The higher inequality is a result of the low income earned by Dalits, Janajatis and Muslims because they have fewer options and only a small number of them work in administrative and technical positions which have much better pay than the alternatives available.
iii. The literacy rate among Dalits and Muslims is far less than that of other caste and ethnic groups; and the increase in the literacy rate among Dalits and Muslims is not higher than that of other groups, even as late as in 2001.
iv. Like literacy rate the proportion of people with SLC (grade 10) or higher level of education among Dalits, Muslims and Janajatis was significantly less than their share in total population. In fact, the proportion of

13. Women have always had a very small political voice and representation (DFID and World Bank 2005). Their representation in Parliament has remained at an average of six percent over two decades. In the recent CA election, women gained 197 of the 601 seats. This represents a dramatic improvement in the situation of women.

Table 4: Human Development Index by Caste and Ethnic Groups, Nepal, 2006

Caste and Ethnic Groups	Life expectancy at birth	Adult literacy	Mean year of schooling	Per capita income (in PPP US$)	Human Devt Index
All Brahman/Chhetri	**62.9**	**63.6**	**4.4**	**2,027**	**0.552**
Hill Brahman(B)	68.1	69.9	5.4	2,395	0.612
Hill Chhetri (C)	60.6	58.4	3.7	1,736	0.514
Madhesi B/C	63.9	83.8	6.4	2,333	0.625
Tarai/Madhesi Other Caste	**61.9**	**41.8**	**2.3**	**1,119**	**0.450**
All Dalit	**61.0**	**38.0**	**1.7**	**977**	**0.424**
Hill Dalit	60.9	45.5	2.1	1,099	0.449
Tarai Dalit	61.3	27.3	1.2	743	0.383
Newar	**68.0**	**68.2**	**4.7**	**3,097**	**0.616**
All Janajati excluding Newar	**62.9**	**51.7**	**3.0**	**1,405**	**0.494**
Hill/Mountain Janajati	63.6	53.8	3.0	1,490	0.507
Tarai Janajati	61.5	48.1	2.8	1,224	0.470
Muslim	**61.0**	**30.3**	**1.6**	**890**	**0.401**
All Caste and Ethnic Groups	**63.7**	**52.4**	**3.2**	**1,597**	**0.509**

Source: UNDP/Nepal 2009.

Table 5: Representation of Caste and Ethnic Groups in Different Sectors of Society, Nepal, 1999 and 2005

Sector	B/C/T/S		Nationalities		Madhesi		Dalit		Newar		Others		Total	
	1999	2005	1999	2005	1999	2005	1999	2005	1999	2005	1999	2005	1999	2005
Public Sector	235	82	42	7	56	9	4	2	36	14	-	-	373	114
Political Sector	97	93	25	20	26	11	-	1	18	14	-	-	166	139
Private Sector	7	21		3	15	30	-		20	42	-	-	42	96
Civil Society	69	94	3	9	8	18	-	1	16	19	-	-	96	141
Total	**408**	**290**	**70**	**39**	**105**	**68**	**4**	**4**	**90**	**89**	**-**	**-**	**677**	**490**
Percentage (a)	**60.3**	**59.2**	**10.3**	**7.9**	**15.5**	**13.9**	**0.6**	**0.8**	**13.3**	**18.2**			**100.0**	**100.0**
Caste in Total Population - %(b)	**31.6**	**30.9**	**22.1**	**23.1**	**30.9**	**31.5**	**8.8**	**7.9**	**5.6**	**5.5**	**1.1**	**1.2**	**100.0**	**100.0**
Ratio (a/b)	**1.9**	**1.9**	**0.5**	**0.4**	**0.5**	**0.4**	**0.1**	**0.1**	**2.4**	**3.3**				

Note: The public sector includes supreme court, constitutional bodies, cabinet, Secretaries, lower and upper houses, whereas political sector includes leaders of political parties. Similarly, private sector refers to leadership of FNCCI (Federation of Nepal Chamber of Commerce and Industries) and Chamber of Commerce. Civil society includes the chiefs of different professional groups and media house.

Source: Neupane, 2005; Lawoti 2002 and 2007.

people with higher level of education among Janajatis decreased during the period 1991-2001, implying further increase in the social dimension of the horizontal inequality.

v. The level of human development of excluded groups such as the Dalits and Muslims is significantly below that of Brahman/Chhetri and Newar. There has not been a significant change in the trend of human development.

vi. The participation of Dalits and Janajati in the three state organs was much less than that of the Brahman, Chhetri and Newar. In fact, such an unequal representation has continued for a long period of time, suggesting that there are established political inequalities in Nepal.

Thus, the above findings very much support the assertion that horizontal inequalities are prevalent and increasing in all four dimensions. Although Marxist leadership seems to be rarer now in the world, this was the main reason for group mobilization in Nepal. Socio-economic inequality formed a solid basis for the mobilization of excluded and poor classes by Maoist leaders who were unsatisfied with the 1990 constitution and rejected taking part in the parliamentary elections even after the restoration of democracy in 1990.

While these inequalities are rooted in the long history of Nepal, why was it at this particular time that a violent rising of Nepali citizens occurred, resulting in the deaths of thousands of people and in billions of rupees in property damage? The reason was that these groups were mobilized by Maoists with a 40-point demand that touched on all the dimensions of discrimination and exclusion.

In fact, the Maoist insurgency appealed to ethnic liberation movements and promised to correct widespread injustices driven by caste, geography and minority status. The Maoists had strong appeal for the common masses because it captured their sentiments. Many Nepalis felt that they had been the victims of poor governance, neglect, and systemic inequalities, and that with Maoist rule these problems would be corrected. The Maoist ideology of the insurgent rebels incorporated the politics of class struggle and rejected the elite group domination of political and economic processes. The geographic and caste support for the rebellion corresponded to the patterns of social exclusion, with the greatest support for Maoist fighters in the rural areas most affected by exclusionary practices.

That the conflict lasted for more than a decade is due mainly to the long and deep-seated horizontal inequalities, which is evident from the data presented above. It is very unlikely that there would have been such an enduring conflict had there not been inequality and exclusion. Therefore, this validates the two arguments that were posed in the beginning of the paper that (i) conflict is likely when there is inequality in social, economic and political dimensions; and (ii) the conflict thrives when the inequality is growing.

In conclusion the horizontal inequalities—or inequality between different caste and ethnic groups—provided an enabling environment for the Maoist insurgency in Nepal. The comparison of past and present values of wellbeing indicators hints that many of these inequalities have worsened in recent years, resulting in the prolonged continuation of civil war. Therefore, Nepal might return to conflict if the government does not address these issues. This requires a transformation of state and society as stipulated in the Comprehensive Peace Accord, Interim Constitution and other peace agreements and understandings. It is expected that the upcoming constitution will take these into account and provide a solid base for transforming and creating a peaceful, just and prosperous new Nepal.

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ANNEX 1: Percentage Distribution of Population by Some Social Characteristics, Nepal, 2001

Population groups	Number	%
Religion	**22,736,934**	**100.0**
Hindu	18,330,121	80.6
Buddhists	2,442,520	10.7
Islam	954,023	4.2
Kirant	818,106	3.6
Other	192,164	0.8
Languages	**22,736,934**	**100.0**
Nepali	11,053,255	48.6
Maithili	2,797,582	12.3
Bhojpuri	1,712,536	7.5
Tharu	1,331,546	5.9
Tamang	1,179,145	5.2
Newar	825,458	3.6
Magar	770,116	3.4
Others	3,067,296	13.5
Caste and Ethnic Groups	**22,736,934**	**100.0**
Hill/Tarai Brahman/Chhetri (B/C)	*7,450,564*	*32.8*
Hill	7,023,219	30.9
Tarai	427,345	1.9
Tarai Middle Castes	*2,938,827*	*12.9*
Dalit	*2,675,182*	*11.8*
Hill	1,615,577	7.1
Tarai	1,059,605	4.7
Janajati	*8,460,702*	*37.2*
Mountain	177,713	0.8
Hill	6,056,841	26.6
Inner Tarai	250,460	1.1
Tarai	1,975,688	8.7
Religious Minorities (Muslim)	980,018	4.3
Others	231,641	1.0

Note: Because of the higher status of the Newar, at times they are not included in the Janajati. The Newar population consists of 5.5% of the total population. Therefore, if Newar is excluded, the proportion of Janajati is less than 32 percent of the total population.

Source: CBS 2003, Vol I; and UNDP/RIPP and NTG 2006.

ANNEX 2: Nepal: Poverty Incidence by Geographical Region 1995/96 and 2003/04

Geographic Region	Poverty Head Count Rate (%)		
Sector	1995/96	2003/04	% Change
Urban	21.6	9.6	-56
Rural	43.3	34.6	-20
NLSS Regions			
Kathmandu	4.3	3.3	-23
Other Urban	31.6	13.0	-59
Rural Western Hill	55.0	37.4	-32
Rural Eastern Hill	36.1	42.9	19
Rural Western Tarai	46.1	38.1	-17
Rural Eastern Tarai	37.2	24.9	-33
Development Region			
Eastern	38.9	29.3	-25
Central	32.5	27.1	-17
Western	38.6	27.1	-30
Mid-Western	59.9	44.8	-25
Far-Western	63.9	41.0	-36
Ecological Belt			
Mountain	57.0	32.6	-43
Hill	40.7	34.5	-15
Tarai	40.3	27.6	-32
Nepal	41.8	30.8	-26

Note: NLSS refers to Nepal Living Standards Survey. This survey has been designed in such a way that it can provide estimates of poverty rate at the following level of dis-aggregations: rural and urban, three ecological regions; five development regions; and six NLSS regions.

Source: CBS 2005.

ANNEX 3: Average per capita (urban/rural) income (NRs.) by caste and ethnic groups

Caste and Ethnic Groups	Avg. per capita income (NRs.)	Avg. household size	Avg. per capita urban (NRs.)	Avg. per capita rural (NRs.)
All Brahman/Chhetri (B/C)	**18,400**		**33,731**	**15,674**
Hill	16,200	5.78	34,678	13,628
Tarai	23,900	5.54	32,408	21,465
Tarai Middle Caste	**11,300**	**7.22**	**12,736**	**11,212**
All Dalit	**10,000**		**19,381**	**9,026**
Hill	8,830	5.64	18,602	8,018
Tarai	13,200	5.98	20,460	11,927
Newar	**26,100**	**6.43**	**36,600**	**14,660**
All Janajati	**13,300**		**25,750**	**12,216**
Hill	13,500	5.97	26,448	11,987
Tarai	12,700	9.68	14,106	12,719
Muslim	**10,200**	**8.29**	**11,563**	**10,126**
Nepal	15,000		28,957	12,534

Note: NRs. refers to Nepali Rupees.
Source: CBS 2005.

ANNEX 4: Occupational Distribution of Labour Force by Caste and Ethnic Groups, 1991 and 2001

Caste and Ethnic Groups	Percentage of the Economically Active Population aged 10-year and above by Caste and Ethnic Groups					
	Prof/Tech. Workers		Administrative Workers		Proportion of Population	
	1991	**2001**	**1991**	**2001**	**1991**	**2001**
Hill/Tarai Brahman/Chhetri (B/C)	**3.2**	**8.1**	**0.5**	**1**	**33.8**	**32.8**
Hill B/C	3	7.8	0.5	1	31.6	30.9
Tarai B/C	7.1	12.2	1	1.7	2.2	1.9
Tarai Middle Caste	**1.8**	**3**	**0.1**	**0.3**	**10.7**	**12.9**
Dalits	**0.2**	**0.6**	**0**	**0.1**	**11.9**	**11.8**
Hill Dalits	0.2	0.7	0	0.1	8.8	7.1
Tarai Dalits	0.3	0.5	0	0	3.1	4.7
Janajatis	**1.2**	**3.3**	**0.3**	**0.5**	**35.5**	**37.2**
Hill Janajatis	1.2	3.6	0.3	0.6	27.7	28.5
Newar/Thakali	*3.4*	*8.4*	*1.4*	*1.7*	5.7	5.5
Other Hill Janajatis	*0.8*	*2.1*	*0.1*	*0.3*	22	23
Tarai Janajatis	1	1.9	0.1	0.2	7.9	8.7
Religious Minorities/Muslims	**1.1**	**1.7**	**0.2**	**0.2**	**3.6**	**4.3**
Others	0.9	4.3	0.1	0.8	4.4	1
Total	**1.8**	**4.6**	**0.3**	**0.6**	**100**	**100**

Source: TPAMF 2005.

ANNEX 5: Representation of Different Caste and Ethnic Groups in Parliament, Nepal, 1959-1999

Caste and Ethnic Groups	1959		1967*		1978*		1981*		1986*		1991		1994		1999	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Brahman	30	28	30	24	27	21	14	13	23	21	77	38	86	42	77	38
Chhetri	34	31	47	38	46	36	41	37	43	38	39	19	40	20	44	22
Newar	4	3.7	15	12	10	7.9	9	8	7	6.3	14	6.8	13	6.3	14	6.8
Janajati except Newar	21	19	21	17	28	22	36	32	29	26	48	23	38	19	35	17
Tarai High & Middle Caste	18	17	11	8.8	11	11	10	8.9	10	8.9	21	10	24	12	27	13
Muslim	2	1.8	0	0	1	0.8	2	1.8	0	0	5	2.8	4	1.9	2	0.9
Dalit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	**109**	**100**	**125**	**100**	**127**	**100**	**112**	**100**	**112**	**100**	**205**	**100**	**205**	**100**	**205**	**100**

UNDP/RIPP and NTG 2006; and Neupane 2005.

ANNEX 6: Composition in Gazetted Level Employees by Caste and Ethnic Groups (by percent)

Caste and Ethnic Groups	Special Class	**Gazetted Level**			Total Positions	
		First Class	Second Class	Third Class	No	%
Brahman	63.2	57.9	54.4	59.8	4,721	58.3
Chhetri	15.8	15.9	13.2	13.2	1,080	13.3
Newar	18.4	17.1	17.5	12.7	1,152	14.2
Janajati	2.6	0.8	3.3	3.4	264	3.3
Dalit	0.0	0.8	0.5	1.1	74	0.9
Madhesi	0.0	7.6	11.1	9.7	805	9.9
Total	100.0	100.0	100.0	100.0	8,096	100.0

Source: Civil Service Documentation Centre 2006.