

Socio-economic Determinants of Income Generation in the Informal Sector of Nepal – A Case of Chitwan District

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Abstract

Being a landlocked and poor developing economy, Nepal is passing through a tough challenge of development and poverty removal strategies. Informal sector has become an important source of livelihood for a large portion of population whose exact size could not be estimated. However, expansion of the informal sector activities is taking place due to dualistic pattern of economic growth and due to many other factors like increase in population, lack of the modern non-agricultural sector's capacity to absorb growing population; subsistence farming, and many rural activities, etc.

Given this, we analyze the pattern of informal sector in Chitwan district of Nepal. It is found that the pattern of informal sector has been somewhat common between the rural and urban locations. There are various determinants of informal sector development and income generation by these activities here. These may be classified into social and economic variables like the level of assets and investments; nature of activities; seasonal elements in carrying out the activities; mobility of the work; caste and sex; level of education and institutional support; etc. The proposed study would be an attempt to find out the impact of informal sector activities, with the help of the above variables, income generation among different group of participants. For this, primary data has been collected from more than 400 households. Suitable statistical techniques would be used for hypothesis testing and deriving reliable inferences for policy strategy. The study would be relevant in other analogous contexts with modifications.

Key Words: Determinants; Income generation; Rural and urban; Social; Economic