

Fourth Household Budget Survey

Press Release

1. The present study is the fourth in the series of Household Budget Surveys (HBS) undertaken by Nepal Rastra Bank and this survey was conducted during the period 2005-2006. The first Household Budget Survey was conducted during 1973-75 which was followed by the Multipurpose Household Budget survey conducted during 1984-85 and the third of such survey was conducted during 1995-96.
2. A little more than a decade had passed since the last survey was conducted and during this period significant changes have taken place both in the level and sources of income as well as expenditure patterns of the households, as such it is imperative that the weights used in the construction of CPI needed revision so as to ensure the reliability of the consumer price indices.
3. This survey also aims to provide information on various socio-economic aspects of the urban and rural households viz., employment pattern, literacy ratios, income distribution pattern, housing characteristics, etc.
4. The fourth HBS was conducted amidst a sample size of 5095 households from 48 market centers (23 urban market centers and 25 rural market centers). The survey was conducted from mid November 2005 to mid November 2006 (Annex I). Data was obtained with the help of a questionnaire through direct interview with the heads and/or responsible adult members of the household. The survey was longitudinal in nature and it was a four-shoot survey. Data was collected throughout the year in such a way so as to encapsulate seasonal variation in expenditure patterns.
5. The basic objective of the fourth household budget survey is to revise the weighting factors of the existing Consumer Price Index and prepare a representative consumer price index capturing the overall price situation of the country.
6. The survey result has also revealed the current characteristics of Nepalese households (households size, sex ratio, child dependency ratio, child women ratio,

household leadership, literacy, employment, marital status, age etc.), housing characteristics (dwelling units and access to health, water, toilet, kitchen, electricity etc.), employment condition, sources and distribution of income, structure of household expenditure, banking behavior and remittances etc. The results of the survey will benefit the policy makers and other related persons/institutions for conducting additional studies and framing the policies regarding the economic and social aspects of the country.

7. The fourth household budget survey has manifested the changes emerged in the consumption pattern of the Nepalese households. The survey revealed that there is a downward shift in the expenditure pattern of the Nepalese households in Food and Beverages group compared to the earlier studies. It has declined to 38.90 percent from 66.78 percent, in the first survey. Similarly its share during the second and the third survey was respectively 62.63 percent and 53.20 percent (Annex II). The fourth survey has also disclosed the fact that the consumption pattern of Nepalese households is shifting to non-food and service group (61.1 percent). Thus, the expenditure on non-food and service sector in urban area was increased remarkably at 64.2 percent. The highest percentage of expenditure on the non-food and service group was occupied by housing and furnishing group (urban 30.2 percent and rural 23.0 percent). Similarly, the survey shows that out of the total expenditure, 8.7 percent was in recreation and cultural activities (urban 8.7 percent and rural 8.9 percent) and 7.6 percent in education (urban 8.3 percent and rural 6.4 percent) (Annex III).
8. The survey findings revealed that the average household size in rural and urban Nepal stood at 5.21 and 5.49 respectively. For the country as a whole the average household size stood at 5.36.
9. The survey also revealed that 87.6 percent of total household possessed their own dwelling unit, 10.5 percent lived in rented house and 1.9 percent lived in rent-free house (Annex IV). Out of the total household, 91.9 percent has access to electricity and 42.6 percent has access to telephone. Like wise, 7.9 percent household were engaged in agriculture, 12.8 percent in business/industry, 10.9 percent in

service/teaching, 21.1 percent as housewives, 28.5 percent as student, 3.9 percent as wage earner, 1.5 percent as domestic worker and 13.5 percent were engaged in other types of occupation (Annex V).

10. As per the fourth HBS the reported average monthly household income stood at Rs. 27,391 (urban – Rs. 31,935 and rural – Rs. 22,225) of which, 7.3 percent was contributed by agriculture, 28.1 percent by salary, allowance, wages and pension, 29.5 percent by business/service, 16.1 percent by remittance and 10.2 percent by imputed rent (Annex VI). Similarly, the average monthly expenditure of the household stood at Rs. 15,130 (Urban – Rs. 17,896 and Rural – Rs. 11,982), of which, 39 percent to food expenditure and 61 percent to non-food expenditure (Annex VII).
11. Of the total household surveyed, 41 percent have outstanding loan with various institutional or non-institutional lending agencies. Of the total respondents having outstanding loan, 55 percent were in rural market center and 45 percent were in urban market center. Of the total household having outstanding loan in rural market center, 57.5 percent have outstanding loan with institution and 71.5 percent have outstanding loan with non-institution.
12. A new series of Consumer price Index will be constructed on the basis of the findings of the Fourth Household Budget Survey. It is expected that the new index representing both urban and rural market centre will be instrumental in drawing a more robust monetary policy.
13. Last but not the least; it is noteworthy to mention that persistent effort made by the NRB staffs to carry out this survey and to finalize the report in the critical situation of the country is commendable. At the same time, respondents of the sampled households who provided necessary information to the utmost details are equally praise-worthy. The detail report of the survey is available in the official website of the Bank www.nrb.org.np.

Annex I

Comparative Statement of the Household Budget Survey

Subject	First HBS	Second HBS	Third HBS	Fourth HBS*
Survey Period	1973/75	1984/85	1995/96	2005/06
Coverage	Rural+ Urban	Rural + Urban	Urban Only	Rural + Urban
Number of Market Centers	18	35 (12 Urban, 23 Rural)	21	48 (23 Urban, 25 Rural)
Sample Households	6,625	5,323	2,500	5,095
Population of the country	11,555,983	15,022,839	18,491,097	23,151,423
No. of Households of the country	2,084,062	2,584,948	3,328,721	4,253,220

Annex II

Relative Weightage of Different Groups in CPI * (As per HBS **)

Groups and Sub-groups of Items	1973/75	1984/85	1995/96	2005/06
All Items	100.00	100.00	100.00	100.00
Foods and beverages	66.78	62.63	53.20	38.9
Other goods and services	33.22	37.37	46.80	61.1

*Consumer Price Index ** Household Budget Survey

Annex III

Weighted Monthly Household Expenditure

Expenditure Group	Rural	Urban	Overall
Food Expenditure	44.1	35.8	38.9
Food, beverages & tobacco*	40.1	31.7	34.8
Restaurants & hotels	4.0	4.1	4.1
Non-Food Expenditure	55.9	64.2	61.1
Clothing & Footwear	5.4	4.9	5.1
Housing & Utilities**	23.0	30.2	27.5
Health	2.4	2.2	2.3
Transport	3.5	3.8	3.7
Communication	1.6	2.2	2.0
Education	6.4	8.3	7.6
Recreation and Culture	8.9	8.7	8.7
Miscellaneous	4.8	3.9	4.2

*Including alcoholic beverages

** Including furnishing & household equipment

Annex IV
Percentage of Dwelling Units by Occupancy Type

Type of occupancy	R/U Markets		Ecological Region Markets			Overall Markets
	Rural	Urban	Terai	Hills	Mountain	
Owner	86.6	88.5	91.4	85.1	84.7	87.6
Renter	11.1	10.0	6.4	13.2	13.8	10.5
Rent free	2.4	1.5	2.2	1.7	1.6	1.9

Annex V
Percentage Distribution of Population Aged 10 Years and above by Occupation category

Occupation Category	R/U Markets		Ecological Region Markets			Overall Markets
	Rural	Urban	Terai	Hills	Mountain	
Agriculture	12.0	4.7	8.6	7.8	4.6	7.9
Business/Industry	13.3	12.3	11.4	13.	21.3	12.8
Service	8.4	12.9	8.3	13.0	10.0	10.9
Wage Earner (Elementary worker)	4.3	3.6	5.2	3.1	2.5	3.9
Domestic Worker	1.2	1.7	1.4	1.4	2.5	1.5
Other	11.3	15.2	14.5	12.7	12.6	13.5

Annex VI
Average Monthly Household Income by Domain

Sector	R/U Markets		Ecological Region Markets			Overall Markets
	Rural	Urban	Terai	Hills	Mountain	
Agriculture, Livestock & Fishery	2403	1634	2299	1773	1972	1994
Salary, Allowance, Wage & Pension	5047	10029	6021	9102	6018	7698
Business/Service Enterprise & Other Related	6523	9458	6905	8666	10903	8085
Remittance	4582	4254	5436	3888	2121	4407
Imputed Rent	1667	3789	2113	3327	2514	2797
Miscellaneous	2003	2771	2774	2267	1225	2411
Total	22225	31935	25546	29023	24754	27391

In Rs.

Annex VII
Average Monthly Household Expenditure by Major Group and by Domain

Sector	R/U Markets				Ecological Region Markets						Overall Markets	
	Rural		Urban		Terai		Hills		Mountain		Rs.	%
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%		
Food Expenditure	5283	44.09	6408	35.81	5390	38.62	6149	38.25	6806	47.53	5882	38.88
Non-Food Expenditure	6699	55.91	11488	64.19	8566	61.38	9927	61.75	7513	52.47	9248	61.12
Total Expenditure	11982	100	17896	100	13956	100	16076	100	14319	100	15130	100