

# CHAPTER 9

## TRENDS, PATTERNS AND STRUCTURE OF ECONOMICALLY ACTIVE POPULATION

- *Dr. Devendra P Shrestha* \*

### 9.1 Introduction

Like in previous censuses the population census of 2001 gathered information on the various activities performed by the population of age 10 years and above. The census elicited information from economically active population on the nature of their usual job (occupation, industry, status, name of employer place of work and duration of work). For those who were identified as economically not active the census further solicited information regarding the reasons for not working. This chapter analyses the trends, patterns and structure of economically active population in the country using the 2001 population census tables. Wherever needed previous census data is used for establishing trends and patterns in economically active population.

### 9.2 Measurement Approaches and Data Limitation

The economically active population is generally defined to "comprise all those persons who contribute to the supply of labour for the production of goods and services disregarding whether they actually were employed at the time of enumeration or not" (CBS, 1977: 149). Conventionally two approaches; "labour force" and "gainful work" are followed to measure the extent of economically active population in the country. According to labour force approach economically active population consists of all persons who during a specific period of time (a week, a month or even a year) were practicing some profession or occupation or seeking employment. The gainful work "investigates the usual occupation or the gainful activity of the persons without specifying when the work was actually performed and it excludes all persons seeking employment for the first time, temporary workers and students and women working only seasonally" (CBS, 1977: 150). The gainful work approach has no explicit time reference (Shryock and Siegel, 1976). In fact this approach refers to persons "usual" activity. Each of these approaches has their own limitations. Some amount of vagueness is involved in both the approaches so far as the identification of economically active and not active population is concerned.

---

\* Dr. Shrestha is an Associate Professor of Central Department of Economics, TU

The review of the documents indicates that previous population censuses used both labour force and gainful work approaches for the measurement of economically active population in the country. In the following table the approach adopted and the concept defined in various census is presented.

**Table 9.1 : Salient features associated with the measurement of economically active population in different censuses**

	1952/54	1961	1971	1981	1991	2001
<b>Mixture of Approach</b>	Labour Force & Gainful work approach	Labour Force Approach & Gainful Work Approach	Mixture of Labour Force & Gainful Work Approach	Gainful Work Approach & Labour Forced Approach	Gainful Work Approach & Labour Force Approach	Mixture of Labour Force & Gainful Work Approach
<b>Definition</b>	Economically active population was one who was either working or had job but temporarily absent or looking for work at the time of census	Worked at least for 8 months either at a single stretch or at intervals, either for pay, profit or remuneration in cash or kind during the year preceding the day of census	Same as in 1961	Same as in 1961	Worked for any length of time during the 12 month preceding the census date	Worked for any length of time during the 12 month preceding the census date
<b>Minimum Age</b>	Under 15 years of age	15 years and above	10 years and above	10 years and above	10 years and above	10 years and above
<b>Reference Period</b>	At the time of census enumeration	8 months in the course of the year preceding the census	8 months in the course of the year preceding the census	8 months in the course of the year preceding the census	during last 12 months	during last 12 months
<b>Inclusion &amp; Exclusion</b>	<b>Included</b> all job seekers under EAP <b>Excluded</b> - Unpaid family worker	<b>Excluded</b> -Out of work at the time of enumeration - had worked less than 8 months <b>Included</b> - unpaid family workers			<b>Data on duration of work collected for the first time</b>	<b>Data on duration of work collected</b> - Included information on extended economic activities

From the over view presented in Table 9.1 it is apparent that census data on economically active population suffers from several limitations. The limitation emanates from the changes in definition and concept used and the number and type of questions administered in the censuses (Niroula, 2003). The fixation of "minimum age" and the "reference period" also varied from one census to another creating the problem of data comparability.

The 2001 census has widened the definition considerably by allowing anyone to count as economically active if they did any work at all during the last 12 months. For the sake of defining work activities the population census 2001 adopted the ILO standards, which in turn are based on the UN 1993 System of National Accounts. In the history of population census it is for the first time in 2001 population census a separate tables on "*economically active*" (Table 25 in National Report) and "*usually economically active*"(Table 24 in National Report) are presented. Census recorded 10637243 as the economically active population and 9900196 as usually economically active population with a difference of 737049 economically active but who are not usually economically active. Who are those respondents is not very clear. No clear distinction has been made in terms of these two numbers and their specific sources in terms of the type of respondents, and duration of work if applicable. It appears that census made an effort to distinguish between *current* economic activity and *usual* economic activity. The *current activity* covered a short reference period while the *usual activity* covered the long reference period. Accordingly based on the number of 10637243 economically active populations it has been estimated that 63.4 percent of population are economically active (refined rate) at some time during the reference year among which 58.2 percent are *usually active* (Niroula, 2003). Nepal Labour Force Survey 1998/99 is believed to be the pioneer in obtaining estimates of usual activity in the country (CBS, 1999).

Though the census presents separate tables on economically active population and usually active population, more classified tables are presented only for *usually active population* of 9900196. The detailed analysis of this chapter is based on this number. Therefore, the analysis on industrial and occupational classification and duration of work of usually active population is not strictly comparable with the previous census, which was based on the concept of current activity.

### **9.3 Economically Active Population: General Trends**

The growth in the economically active population is affected by the rate of increase in the total population. It is therefore essential to analyze the growth in economically active population in relation to population growth over time. The total population, population of the age group 10 years and above and the economically active population as recorded in various population

censuses are presented in Table 9.2. During 1952/54-2001 while the population growth recorded an increase by 176 percent (an average annual increase of 3.67%) the economically active population increased by 156 percent (average annual rate of 3.25%).

The year-to-year growth in the economically active female population reveals that especially during the decade 1961-71 though the growth in female population aged 10 years and above had been positive the growth in economically active female population was negative. The findings are little untenable due to the fact that in the 1961 census the minimum age for economically active population was fixed at 15 years where as in 1971 it was reduced to 10 years. This should rather increase in the size of economically active female population. Some suspicions were raised in the figures. It has been suspected that "either the size of the labour force in 1961 was inflated or that 1971 labour force figures have, in some way, been underestimated. Similarly, other factors such as differences in data collection methods editing, coding, tabulation might have emerged to produce these variations" (CBS, 1977:154). It has also been suspected that the 1961 census has probably wrongly classified a large number of females as economically active when their primary occupation was in fact as "housewives" (CBS, 1987).

As may be observed in Table 9.1 the percentage change in the economically active male population during 1981-1991 recorded a negative increase (-2.3%). This needs careful attention. A large number of populations of about one hundred thousand were listed under the "not stated" category (CBS, 1995). This could partly explain the phenomenon.

In more recent decade 1991-2001 the increase in the economically active population (44.9%) has been quite noticeable when compared to total population increase of 22.9 percent. There has been a six-fold increase in the economically active population during 1991-2001. During the decade 1981-91 the percentage rise was merely 7 percent, which has jumped to 45 percent during 1991-2001. This sudden jump in the size of economically active population could be attributed to the wider definition of the concept of the economically active population. The population census of 2001 included "extended economic activities" in the definition of the economically active population. The increase in the economically active female population by 57 percent during the same decade compared to 25 percent in the previous decade amply supports this fact. The extended economic activities (collecting firewood for household use, fetching water, food processing for household consumption) were not treated as economic activities in the previous censuses (CBS, 2001: 50).

**Table 9.2 : Growth of population and economically active population by sex, 1952/54 – 2001.**

Sex & Year	Total Population		Population Aged 10 plus Years		Economically Active Population	
	Number	% Increase	Number	% Increase	Number	% Increase
<b>Both Sexes</b>						
1952/54	8235079		7225607		4153455	
1961*	9412996	14.3	5659931	-5.7	4306839	3.7
1971	11555983	22.8	8178620	44.5	4852524	12.7
1981	15022839	30.0	10517888	28.6	6850886	41.2
1991	18491097	23.1	12977612	23.4	7339586	7.1
2001	22736934	22.9	16770279	29.2	10637243	44.9
<b>Males</b>						
1952/54	4050607		4153455		2460492	
1961*	4636033	14.4	2724757	-34.4	2563915	4.2
1971	5817203	25.5	4140624	52.0	3434288	33.9
1981	7659336	31.6	5351614	29.2	4479944	30.4
1991	9220974	20.4	6419484	20.0	4375583	-2.3
2001	11359378	23.2	8330576	29.8	5971024	36.5
<b>Females</b>						
1952/54	4184472		3072152		1692963	
1961*	4776963	14.2	2935174	-4.5	1742924	3.0
1971	5738780	20.1	4037817	37.6	1418236	-18.6
1981	7327503	27.7	5130274	27.1	2370942	67.2
1991	9270123	26.5	6558128	27.8	2964003	25.0
2001	11377556	22.7	8439703	28.7	4666219	57.4

Source : CBS, Various Census Tables

\* Refers to age 15+ as the Census 1961 defined lower limit of age 15 to be qualified to be economically active.

### 9.3.1 Crude and Refined Activity Rate

The extent of economic activity rate is generally measured by crude and refined activity rate. *Crude activity rate* (here after termed as CAR) represents the number of economically active population as a percent of the total population. As the name suggests, *refined activity rate* (here after termed as RAR), which is also known as General Activity Rate, is a more refined measure of measuring the economically active population. This is simply the activity rate for persons of working age. In the present analysis the refined activity rate has been defined to represent the number of economically active population of age 10 years and above as percentage of the population of corresponding age i.e., 10 years and above (in the case of 1961 census this is however 15 years and above). Not all population can engage in economic activities. This is a refined activity rate as it considers only that segment of population who can engage themselves in economic activities.

Table 9.3 presents the CAR and RAR during 1952/54 to 2001. The data in the table shows that there is no consistent pattern in the activity rate. Both CAR and RAR increased in 1961 and declined in 1971. In the subsequent year it again increased and this was followed by a decline in 1991. All these could be attributed to the change in the definition adopted to measure the economically active population in various censuses. It has also been documented that the decline in the CAR is due to the rise in the school enrolment rate (*Shrestha & Pant, 1995*). Comparison of the 1991 and 2001 census figures on reasons for being economically inactive also supports this view. While 39.29 percent of above age 10 were reported to be studying in 1991 census, the proportion of inactive population is recorded at 47.29 percent in 2001 census.

The overall CAR and RAR both recorded an increase during 1991 to 2001 but the increase was more marked in the case of females. RAR of females activity rate recorded an increase from 45.20 percent in 1991 to 55.29 percent in 2001 while male activity rate increased from 68.16 to 71.68 during the same period. As mentioned above the increase in the male and female activity rates has been accounted by the adoption of new definition in the 2001 census where activities like collecting firewood for household use, fetching water, food processing for household consumption etc are considered as the economic activity under the title of extended economic activities. This has resulted to the greater increase in the female activity rate as compared to male.

**Table 9.3 : Crude and refined activity rate by sex, 1952/54 – 2001.**

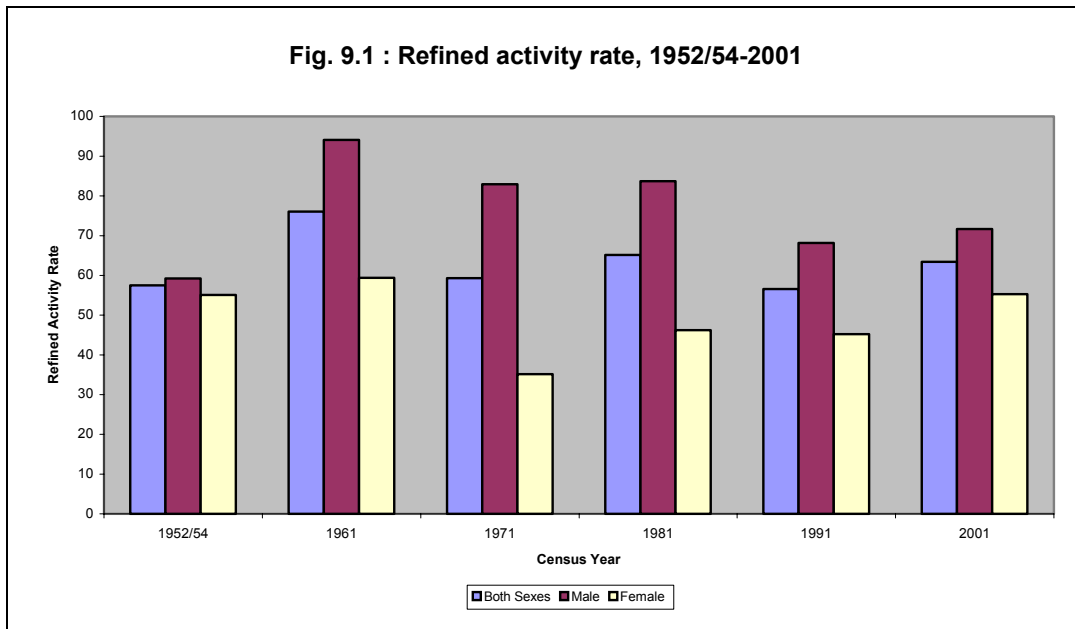
Census Year	Crude Activity Rate (CAR)			Refined Activity Rate (RAR)		
	Both Sexes	Male	Female	Both Sexes	Male	Female
1952/54	50.43	60.74	40.45	57.48	59.23	55.10
1961	45.75	55.30	36.48	76.09	94.09	59.38
1971	41.99	59.03	24.71	59.33	82.94	35.12
1981	45.60	58.48	32.36	65.14	83.71	46.21
1991	39.69	47.45	31.97	56.56	68.16	45.20
2001	46.78	52.56	41.01	63.43	71.68	55.29

Source: CBS 1975, Vol. III, Part I, Table 19

CBS 1984, Vol. I, Part V, Table 21

CBS 1993, Vol. I, Part XIII, Table 50

CBS 2002, National Report, Table 25



## 9.4 Age-Sex Trends and Patterns

The economic activity rate tends to vary by age and sex of the economically active population. It is affected by education policy and child labour policy of the government, among others. If the education is compulsory up to certain minimum age and child labour is restricted, then age-specific participation rate of 10 to 14 tend to be lower. The age-sex specific participation rates are presented in Table 9.4. The activity rates presented in the table revealed that over a period of time the overall participation rate of population aged 10-14 years has declined significantly. In 1981 it was as high as 57 percent, which has reduced to half - 29 percent - in 2001 census. This is true with male and female. The economically active children aged 10-14 constitutes 8.1 percent of the total economically population in 2001. Among male the share is 7.1 and among females it is 9.44 percent and their share has declined considerably over time.

It may be observed that for both sexes combined the activity rates in 2001 increases sharply from 28.83 percent for age 10 to 14 years to 68.75 percent for 20 to 24 years of age. Thereafter, the increase is gradual until a peak of 83.39% is reached at ages 40 to 44. The activity rate then declines gradually and reaches 47.12 at age 65 and above. Male activity rate confirms this pattern. However for females, the activity rate gradually increases up to the age of 54 and starts declining thereafter. The over all age specific activity rates thus follows the universal pattern and are characterized by high activity rate up to certain age and maximum at age 35-39 and continue to show a broad peak up to age 45-49 and thereafter continue to decline rapidly. Data presented thus reveal an inverted U-shaped economic activity rate. Figure 9.2 depicts the age-sex specific activity rate for the country in 2001.

**Table 9.4 : Age-sex specific economic activity rate, 1971-2001.**

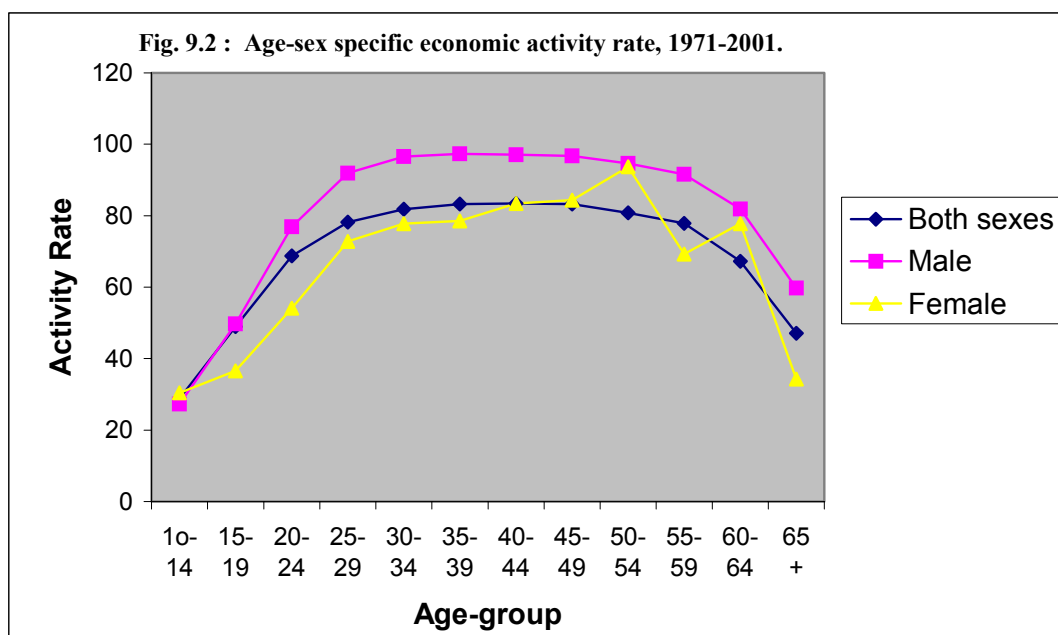
Age group	1971			1981			1991			2001		
	Both Sexes	Male	Female	Both Sexes	Male	Female	Both Sexes	Male	Female	Both Sexes	Male	Female
10-14	50.5	59.2	40.1	56.9	61.3	51.9	23.28	18.44	28.54	28.83	27.34	30.42
15-19	61.6	75.7	46.2	60.7	69.2	51.3	49.43	49.57	49.29	48.92	49.70	36.61
20-24	63.5	89.8	39.2	66.1	86.3	47.6	66.35	80.52	54.31	68.75	76.90	54.14
25-29	65.3	95.1	36.6	68.7	93.4	44.9	72.34	92.77	54.13	78.17	91.94	72.80
30-34	63.7	96.6	33.9	68.2	95.3	43.3	73.92	95.61	54.03	81.84	96.60	77.80
35-39	66.9	97.4	34.0	70.8	95.8	44.1	75.63	96.33	54.73	83.27	97.36	78.51
40-44	64.7	97.2	32.9	70.4	96.0	44.7	74.55	95.93	54.30	83.39	97.12	83.42
45-49	66.7	96.8	32.5	72.3	96.4	44.9	74.13	95.12	52.31	83.29	96.75	84.39
50-54	62.9	94.0	30.5	71.2	94.3	44.7	70.73	92.07	48.17	80.82	94.65	93.72
55-59	60.0	90.3	27.7	69.9	92.2	43.3	66.85	88.56	41.69	77.89	91.56	69.29
60-64	39.7	64.1	17.9	62.5	83.3	39.9	45.96	66.47	25.50	67.23	81.91	77.77
65 +	25.1	40.5	10.4	52.9	68.7	35.0	26.92	40.27	12.92	47.12	59.71	34.30

Source: CBS 1975, Vol. III, Part I, Table 19

CBS 1984, Vol. I, Part V, Table 21

CBS 1993, Vol. I, Part XIII, Table 50

CBS 2002, National Report, Table 25





Consistent with the data of earlier census, the 2001 census also recorded higher activity rate of male compared to female in all the age groups (see Table 9.3).

## 9.5 Rural Urban Differences in Economic Activity Rates

Activity rate tends to be affected by place of residence. The activity rates for males and females for rural and urban areas are presented in Table 9.5. The upper segment of the table shows CAR and lower segment shows RAR. The rates presented in the table clearly demonstrate the rural urban differences. Both CAR and RAR was higher in rural area than in urban area. This is quite usual in view of the fact that the share of "*students*" in the urban population is higher than in the rural areas. The difference is gradually narrowing down. Among females between rural and urban areas the differences persisted while among males it has come down to its minimum level in 2001. While the CAR of rural females differed significantly with its urban counterpart, the difference between rural and urban males is minimal in 2001. It is also true with the RAR.

**Table 9.5 : Economic activity rate by sex and place of residence, 1952/54 - 2001.**

Census Year	Rural			Urban		
	Crude Activity Rate (CAR)					
	Both Sexes	Male	Female	Both Sexes	Male	Female
1961	76.9	94.8	60.5	55.5	79.5	59.4
1971	60.1	83.7	36.0	42.3	66.8	12.3
1981	45.99	58.46	32.98	39.77	54.69	22.58
1991	40.94	48.15	33.84	30.56	44.76	15.19
2001	47.69	52.67	42.77	41.27	51.89	29.97
	Refined Activity Rate (RAR)					
1971	60.07	83.69	36.02	48.20	75.88	11.40
1981	65.85	83.77	47.19	54.90	74.86	31.48
1991	58.76	69.78	48.10	40.76	59.44	20.34
2001	65.43	72.80	58.25	52.28	65.69	37.99

Source: CBS 1975, Vol. III, Part I, Table 19

CBS 1984, Vol. I, Part V, Table 21

CBS 1993, Vol. I, Part XIII, Table 50

CBS 2002, Unpublished Tables

The age-specific activity rates in 2001 for rural urban area presented in Table 9.6 indicates that for all ages the rural rates for both sexes combined are substantially higher than urban rates. The differences are more alarming between ages 10-29 years of age. This could possibly be explained from the fact that the rural population constitutes larger proportion of children and young people and school enrolment rate is also lower than in the urban areas.

**Table 9.6 : Age-sex specific activity rates by place of residence, 1991-2001.**

Age Group	1991*						2001**					
	Rural			Urban			Rural			Urban		
	Both Sexes	Male	Female	Both Sexes	Male	Female	Both Sexes	Male	Female	Both Sexes	Male	Female
10-14	24.84	36.56	30.62	7.56	8.02	7.04	30.54	28.84	32.34	17.42	17.31	17.53
15-19	52.52	52.12	52.90	23.26	29.56	16.37	52.04	52.43	51.68	31.81	35.65	27.61
20-24	69.58	83.45	58.10	42.03	60.86	22.60	72.35	80.13	65.69	52.10	63.33	40.53
25-29	74.52	94.09	57.40	55.02	83.10	25.86	80.54	93.20	69.30	67.01	86.36	47.42
30-34	75.41	96.29	56.69	61.19	90.43	28.85	83.60	97.00	71.18	73.32	94.79	50.15
35-39	77.00	96.85	57.27	63.13	91.97	29.78	84.92	97.67	72.52	74.73	95.81	52.01
40-44	75.74	96.45	56.55	62.62	91.33	29.15	84.94	97.53	72.85	74.78	95.05	51.61
45-49	75.35	95.68	54.49	61.28	89.56	27.30	84.90	97.22	72.38	73.57	94.11	49.83
50-54	72.02	92.80	50.21	55.98	84.11	23.89	73.22	95.64	69.76	68.97	89.31	46.05
55-59	68.19	89.41	43.58	51.29	78.66	19.79	91.55	92.70	65.40	63.68	83.12	40.54
60-64	46.66	66.39	26.48	37.05	61.17	13.11	69.52	83.64	55.15	50.42	69.04	31.91
65 +	27.38	40.48	13.52	21.82	37.82	6.59	49.33	61.61	36.62	31.92	45.77	19.28

\*Source : Shrestha & Pant: Economically Active Population, Chapter VII in Population Monograph, CBS, 1995 Page 209 – 210.

\*\* Source : CBS Unpublished Tables of Population Census 2001.

## 9.6 Ecological and Regional Differentials in Economic Activity

In order to examine the ecological differences in activity rates the country has been classified into three ecological zones viz., mountain, hill and terai. The differences in activity rates measured in terms of both CAR and RAR among three ecological zones are presented in Table 9.7. In all the three ecological regions the CAR has increased over time. In 1991 it has come down. This decline is attributed to the change in the definition of economically active population in 1991 census. Among the three ecological regions mountain has the highest CAR and RAR while terai has the lowest and hill is in between. This pattern continued in 2001 census as well. Ecological differences in the activity rates have widen over time. Sex differences in activity rates among

three ecological zones have continued. In mountain, however, the differences in the activity rate between male and female have narrowed down from 23 percentage points in 1971 to merely one-percentage points in 2001. In hill and terai the difference continue to prevail. As the data presented in Table 9.7 shows the differences in the activity rate among male and female is more pronounced in terai compared to other two ecological zones. This phenomenon is true for RAR as well.

**Table 9.7 : Crude and refined activity rates by sex for ecological regions, 1971-2001.**

Census Year	Crude Activity Rate (CAR)			Refined Activity Rate (RAR)		
	Mountain	Hill	Terai	Mountain	Hill	Terai
<b>1971</b>						
Total	50.75	44.81	35.75	69.99	62.89	51.32
Male	62.43	58.43	58.97	85.51	81.99	83.33
Female	38.98	30.86	14.97	54.13	44.16	16.09
<b>1981</b>						
Total	54.45	53.33	36.91	75.66	68.78	58.80
Male	61.83	61.45	54.50	85.91	82.03	83.80
Female	46.72	44.54	18.94	64.93	55.41	31.34
<b>1991</b>						
Total	52.63	44.37	33.78	74.49	62.78	48.56
Male	52.62	47.02	47.85	74.92	67.54	68.87
Female	52.64	41.85	19.18	74.08	58.38	27.53
<b>2001</b>						
Total	79.37	65.87	59.00	76.47	62.41	53.54
Male	79.88	70.16	71.92	76.89	66.49	66.76
Female	78.88	61.84	45.61	76.06	58.59	39.84

Source : Shrestha & Pant: Economically Active Population, Chapter VII in Population Monograph, CBS, 1995 page 209-210

CBS Unpublished Tables of Population Census 2001

The differences in activity rates measured in terms of both CAR and RAR among five development regions are presented in Table 9.8. With the exception of MWDR, in other four development regions the CAR has increased during 1981 – 2001, the increase is however very marginal. The inter-regional differences in the CAR and RAR are minimal among all five regions. Data presented in Table 9.8 reveal gender differences in the activity rate, which is more pronounced in CDR. It should be further noted that FWDR recorded a significant achievement in narrowing down the gender differences in CAR and RAR. The difference in CAR between male and female was as high as 23-percentage points in 1981, which has come down to less than 2 percentage points in 2001. Given the gender differences in several other indicators in this region this result needs further probing.

**Table 9.8 : Crude and refined activity rate by sex and development region, 1981–2001.**

	EDR	CDR	WDR	MWDR	FWDR
<b>Crude Activity Rate (CAR)</b>					
<b>1981+</b>					
Both Sexes	44.49	43.46	46.86	49.25	48.26
Male	57.43	58.63	56.95	59.91	59.29
Female	30.86	27.22	36.51	38.21	36.69
<b>1991++</b>					
Both Sexes	39.13	38.03	40.36	42.74	44.72
Male	47.94	49.45	43.99	49.30	47.65
Female	30.28	26.20	36.98	36.23	41.90
<b>2001+++</b>					
Both Sexes	47.38	44.36	47.34	48.41	51.01
Male	53.62	53.47	49.77	52.82	51.93
Female	41.15	34.82	45.10	44.03	50.10
<b>Refined Activity Rate (RAR)</b>					
<b>1981</b>					
Both Sexes	63.22	61.73	66.72	71.90	70.45
Male	81.14	83.02	81.27	87.50	87.64
Female	44.13	38.79	51.40	55.78	52.88
<b>1991</b>					
Both Sexes	55.28	53.55	57.62	62.44	65.62
Male	68.09	69.83	64.19	72.13	70.81
Female	42.55	36.78	51.75	52.72	60.76
<b>2001</b>					
Both Sexes	63.64	59.47	64.03	67.58	71.59
Male	72.41	71.54	68.65	74.05	73.64
Female	54.98	46.76	59.91	61.20	69.61

Source : + CBS, 1987 - Population Monograph of Nepal, Table 9.24, p. 234

++ Shrestha & Pant: Economically Active Population, Chapter VII in Population Monograph, CBS, 1995, Table 22, p. 231

+++ Computed from Population Census 2001 National Reports Table 25, CBS, 2002

EDR = Eastern Development Region

CDR = Central Development Region

WDR = Western Development Region

MWDR= Mid-western Development Region

FWDR = Far-western Development Region

## **9.7 Structure of Economically Active Population**

### **9.7.1 Industrial Classification of Economically Active Population**

The population census of 2001 used the term industry to refer to the activity of the establishment in which an employed person worked during the reference period or last worked if unemployed. Like in the previous censuses, 2001 census also asked all 10 years and above economically active person to mention the establishment (industry) of their occupation. Census followed International Standard of Industrial Classification to classify jobs according to the type of industry (*UN*, 1990). Accordingly, all activities that employed people engaged themselves were classified under 17 different industry groups (*CBS*, 2001). For the sake of analysis these categories were reclassified into nine standard industry group types. Population Census 2001 data on industrial and occupational classification of economically active population has been presented for the *usually active* population. Therefore, caution should be exercised while making comparison with the previous censuses.

The data presented in Table 9.9 illustrates that there has been a gradual shift of employment from agriculture to non-agricultural occupation. In 1971 people employed in agriculture sector was as high as 95 percent, which has come down to 66 percent in 2001. This decline was much larger for males compared to females. Manufacturing and commerce industry recorded a significant improvement in terms of employment of economically active population. In 1971 merely one percent of the employed population was engaged in manufacturing and commerce industries. In 2001 the share of these industries rose to 9 and 10 percent respectively. This is indeed a significant shift in employment structure in the country. Data further revealed that more and more females are getting engaged in manufacturing (less than 1 % in 1971 to 10% in 2001) as compared to males. Personal and community services also recorded a decline in its share of the employed population during 1991-2001.

**Table 9.9 : Percentage distribution of economically active population by type of major industries and sex, 1971-2001.**

Major Industry	1971			1981			1991			2001*		
	Both Sexes	Male	Female	Both Sexes	Male	Female	Both Sexes	Male	Female	Both Sexes	Male	Female
Agriculture, Forestry & Fishing	94.35	92.81	98.17	91.15	88.71	95.75	81.23	74.93	90.53	65.70	60.25	72.83
Mining & Quarrying	-	0.00	0.00	-	0.02	0.01	0.03	0.04	0.02	0.16	0.18	0.13
Manufacturing	1.07	1.32	0.46	0.50	0.63	0.21	2.04	2.64	1.16	8.81	8.15	9.67
Electricity, Gas & water	0.04	0.05	0.00	0.04	0.06	0.01	0.16	0.25	0.03	1.49	0.59	2.68
Construction	0.10	0.14	0.01	0.02	0.04	0.01	0.49	0.73	0.13	2.89	4.20	1.19
Commerce	1.32	1.62	0.55	1.60	2.10	0.69	3.49	4.47	2.04	9.94	10.72	8.94
Transport & Communication	0.21	0.27	0.02	0.11	0.16	0.01	0.69	1.12	0.07	1.63	2.78	0.14
Finance & Business Services	0.06	0.10	0.01	0.14	0.20	0.04	0.28	0.41	0.09	0.00	1.17	0.25
Personal & Community Services	2.84	3.69	0.78	4.58	5.98	1.92	10.25	13.58	5.32	6.70	9.63	2.88
Others	-	0.00	0.00	-	0.00	0.00	0.38	0.60	0.06	1.65	2.09	1.07
Industry not stated	-	0.00	0.00	1.86	2.13	1.35	0.96	1.23	0.55	0.22	0.23	0.22

Source : Shrestha & Pant: Economically Active Population, Chapter VII in Population Monograph, CBS, 1995 page 209-210; CBS: Population Census 2001 Unpublished Tables

\* Based on Tables of usually economically active population.

## 9.7.2 Ecological and Regional Variations in the Industrial Classification of Economically Active Population

Although majority of the usually economically active population is engaged in agriculture in all three ecological zones the proportion engaged in agriculture in Mountain is significantly higher than Hill and Terai. Four-fifths (81%) of the Mountain population still rely on agriculture for their employment showing the dominance of this sector. This proportion is much higher than the national average of 65 percent. In other industry categories the proportion engaged in Mountain is less than 5 percent except in commerce (6%). In Hill and Terai the employment structure shows diversification of employment to non-agriculture sector. In Terai one in ten active populations are engaged in manufacturing and commerce while in Hill the proportions are slightly lower. Data presented in Table 9.10 thus reveal the ecological variations in active population engaged across different industry groups.

**Table 9.10 : Percentage distribution of usually economically active population by major industrial sectors for ecological region, 2001.**

Major Industry	Mountain	Hill	Terai
Agriculture, Forestry & Fishing	80.71	68.48	59.80
Mining & Quarrying	0.05	0.16	0.18
Manufacturing	5.32	8.14	10.20
Electricity, Gas & water	1.25	1.48	1.57
Construction	1.19	2.15	4.01
Commerce	6.19	8.93	11.76
Transport & Communication	0.56	1.38	2.10
Finance & Business Services	0.20	0.75	0.91
Personal & Community Services	3.82	6.91	7.03
Others	0.48	1.30	2.24
Industry not stated	0.19	0.27	0.18

Source : CBS, Unpublished tables of Population Census 2001

By development regions the proportion engaged in agriculture, forestry and fishing is highest (77%) and the proportion engaged in manufacturing is lowest (6%) in FWDR among other regions. In EDR, WDR and MWDR the proportion engaged in agriculture is close to the national average of 65 percent while in CDR this proportion (58%) is lower than the national average but proportion engaged in manufacturing (11.4%) is higher than the national average of 8.9 percent and also highest among other regions. In trade and commerce the proportion engaged is more or less equal among all the development regions except in FWDR that has the lowest of 6 percent engaged (Table 9.11). By gender the proportion of females engaged in agriculture, manufacturing

and electricity gas and water industry group is higher than male in all the five development regions. Males' involvement is higher in trade and commerce, construction and personal and community services in all five regions (Annex 9.1).

**Table 9.11 : Percentage distribution of usually economically active population by major industry groups for development region, 2001.**

<b>Major Industry</b>	<b>EDR</b>	<b>CDR</b>	<b>WDR</b>	<b>MWDR</b>	<b>FWDR</b>
Agriculture, Forestry & Fishing	67.42	58.39	68.18	68.33	76.76
Mining & Quarrying	0.17	0.14	0.21	0.20	0.08
Manufacturing	7.75	11.39	7.98	8.13	5.57
Electricity, Gas & water	1.64	1.35	1.43	1.83	1.37
Construction	2.22	3.53	2.93	3.36	1.78
Commerce	10.24	11.15	10.16	9.13	6.02
Transport & Communication	1.63	2.24	1.46	1.08	0.72
Finance & Business Services	0.64	1.14	0.63	0.61	0.42
Personal & Community Services	6.04	8.94	5.80	5.17	4.83
Others	2.03	1.46	1.05	1.95	2.20
Industry not stated	0.21	0.27	0.16	0.22	0.26
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source : CBS, 2002 Population Census 2001 National Reports Table 27.

### 9.7.3 Industrial Sectors

Various industry types are conventionally reclassified into three major sectors viz., primary, secondary and tertiary sectors. Primary industry comprises mainly agriculture; forestry and fishing. Secondary sector includes mining and quarrying; manufacturing and construction. Tertiary sector consists of electricity, gas and water supply; wholesale and retail trade; transport, storage and communication; finance intermediation; business; public administration and social security; education and health; and social and community and personal services. In fact there is a wide controversy concerning the validity of this classification (*CBS, 1977*). Yet the proportion of the employed population engaged in these three sectors act as an index of economic development of the country. Development Economist hold the view that with the growth of the economy the shift in employment pattern is broadly in the nature of bringing down the proportion of employment in the agriculture sector and some increase in the proportion of employment in industrial sector.



The percentage distribution of employed population by three broad industry sectors and by urban and rural areas is presented in Table 9.12. While the proportion of employed population engaged in primary sector recorded a decline between 1971 and 2001, the proportion engaged in secondary and tertiary sectors recorded marked increase. This clearly shows the shift in the functional distribution of labour force and also socio-economic transformation in the country. More noticeable decline may be witnessed between 1991 and 2001 during which primary sector experienced decline to the tune of 16 percentage points whereas secondary and tertiary sector experienced significant increase between 7 to 9 percentage points during the same period. When these results are compared with the Nepal Labour Force Survey results carried out in 1998/99 the primary sector showed higher proportion of people employed (76vs 66%) while secondary (10% vs12%) and tertiary sector (14% vs 22%) revealed lesser proportion engaged (CBS, 1999). As the experience indicates, when the economy moves ahead, the proportion of labour force engaged in primary sector gradually declines and correspondingly the proportion of labour force engaged in secondary and tertiary sector increases. This experience is becoming true in our case as well.

**Table 9.12 : Percentage distribution of economically active population by major industrial sectors and sex for rural and urban areas, 1971-2001.**

Sex	Year	Primary	Secondary	Tertiary	Unspecified
<b>NEPAL</b>					
Both Sexes	1971	94.37	1.17	4.45	-
	1981	91.15	0.53	6.47	1.87
	1991	81.23	2.56	14.87	1.24
	2001	65.70	11.86	22.21	0.23
Male	1971	92.81	1.46	5.73	-
	1981	88.71	0.68	8.48	2.13
	1991	74.93	3.41	19.83	1.83
	2001	60.25	12.53	26.99	0.23
Female	1971	98.17	0.46	1.36	-
	1981	95.75	0.22	2.68	1.35
	1991	90.53	1.31	7.55	0.61
	2001	72.83	10.99	15.96	0.22
<b>RURAL</b>					
Both Sexes	1971	96.26	0.84	2.89	-
	1981	92.74	0.33	5.14	1.78
	1991	85.54	1.90	11.40	1.16
	2001	72.25	10.17	17.37	0.21
Male	1971	95.21	1.03	3.75	-
	1981	90.82	0.42	6.72	2.02
	1991	80.37	2.62	15.39	1.61
	2001	68.61	10.40	20.78	0.21
Female	1971	98.75	0.38	0.86	-
	1981	96.30	0.16	2.20	1.34
	1991	92.69	0.87	5.81	0.53
	2001	76.70	9.89	13.19	0.22

Sex	Year	Primary	Secondary	Tertiary	Unspecified
<b>URBAN</b>					
Both Sexes	1971	32.83	12.03	55.13	-
	1981	63.96	3.81	29.09	3.12
	1991	24.07	11.40	60.86	0.63
	2001	42.18	17.95	39.60	0.26
Male	1971	29.53	12.78	57.68	-
	1981	57.00	4.54	34.74	3.70
	1991	19.67	11.42	64.90	4.01
	2001	33.70	19.29	46.70	0.30
Female	1971	54.81	7.02	38.16	-
	1981	83.39	1.75	13.33	1.51
	1991	30.12	11.43	47.96	2.58
	2001	56.20	15.73	27.87	0.19

*Primary Sector = 1,2 Secondary= 3,4, & 6 Tertiary = 5,7 thru 17 Unspecified = 18 (See Population Census 2001 National Report table 30 for activities that correspond to the number belong to each sector)*

Data presented in the table for urban areas raise some suspicion on the quality of data for 1991 census. In 1991 the proportion engaged in primary sector suddenly reduced to 24 percent, which again rose to 42 percent in 2001. This pattern is difficult to explain. Likewise, between 1981 and 1991 the proportion of labour force engaged in tertiary sector more than doubled and reached 61 percent. Given the extent of urbanization in the country this phenomenon is difficult to explain. In 2001, however, the proportion came down to 40 percent. There could however be some problem in the tabulation and processing of the data, which resulted in such unexpected trend and pattern of functional distribution of labour force in urban areas.

The data in Table 9.13 indicate the proportion of active population engaged in secondary and tertiary sector is highest in CDR and it is lowest in FWDR. In other three regions the proportion engaged is more or less equal. The industrial classification of active population engaged indicates that CDR is more diversified than any other development regions. It has relatively less proportion of active population engaged in primary sector and more proportion in secondary and tertiary sectors as compared to other development regions. .

**Table 9.13 : Percentage distribution of usually economically active population by major industrial sectors for development regions, 2001.**

Development Region	Primary	Secondary	Tertiary	Unspecified
All Nepal	65.70	11.86	22.21	0.23
Eastern Dev. Region	67.42	10.14	22.23	0.21
Central Dev. Region	58.39	15.06	26.28	0.27
Western Dev. Region	68.18	11.12	20.54	0.16
Mid-Western Dev. Region	68.83	11.69	19.76	0.22
Far-Western Dev. Region	76.76	7.43	15.55	0.26

#### 9.7.4 Occupational Distribution of Economically Active Population

In the population census of 2001, all economically active populations were further asked about the nature of their work (occupation) and place of work. During the reference period of one year an economically active population might be involved in more than one occupation. But the census has considered the *usual work* (performed more usually during a year) to classify the population based on their usual occupation. It should be noted that although information on occupation was gathered in some details at the censuses, tabulations were however made only for the nine major occupation groups including "not stated" category. In the census 2001 all jobs were classified according to their occupation using the International Standard Classification of Occupations (ISCO).

Table 9.14 presents the distribution of usually economically active population by major occupation group, separately for males and females. The data presented in the table illustrates that agricultural occupations continue to dominate as a major occupation of the economically active population in 2001, though the share of this category of occupation in the total economically active population declined significantly from 94 percent in 1971 to 60 percent in 2001. As may be noted in the table while the proportion of employed population in production related occupation declined from 4.23 percent in 1991 to 1.43 percent in 2001 the proportion engaged in "others" category increased more than seven fold during the same period (from 2% to 15%). This marked increase raises room for suspicion that some activities of "*production related*" might have been put under "*others*" category resulting in the decline of the proportion of the former occupation type.

"Others" category constituted about 15 percent of the economically active population in 2001. The population census 2001 classified this under the category "*elementary occupation*". What constitutes elementary occupation, however, is not clear in the census report. The other noticeable change in the occupational structure witnessed in the 2001 census is the threefold increase in the proportion of male involved in sales occupation. Likewise the women engaged in service occupation also recorded threefold increase between 1991(3.84%) and 2001 (9.53%). This clearly indicates that sales occupation is providing increasing opportunities of employment to males and service occupations to females. The proportion of "not stated" category has reduced to its minimum of less than one percent in 2001 census. This signifies that there has been improvement in the data collection procedure in the 2001 census.

**Table 9.14 : Percentage distribution of usually economically active population by sex and major occupation in Nepal, 1971 – 2001.**

Major Occupational Groups	1971			1981			1991			2001		
	Both Sexes	Male	Female	Both Sexes	Male	Female	Both Sexes	Male	Female	Both Sexes	Male	Female
Professional & Technical	0.52	0.68	0.14	0.93	1.19	0.45	1.78	2.54	0.66	4.18	5.93	1.90
Administrative & Related	0.02	0.03	0.03	0.09	0.13	0.02	0.30	0.15	0.07	0.57	0.87	0.18
Clerical	0.97	1.13	0.13	0.71	1.03	0.12	1.06	1.60	0.26	2.03	3.13	0.60
Sales	1.24	1.54	0.51	1.25	1.62	0.53	2.98	3.87	1.66	7.89	10.49	4.49
Services	0.70	0.84	0.38	0.24	0.31	0.10	6.18	7.77	3.84	9.26	9.06	9.53
Agriculture	94.37	92.80	98.17	91.37	88.89	96.06	81.10	74.75	90.46	59.61	53.38	67.74
Production	2.18	2.80	0.67	3.12	3.86	1.73	4.23	5.76	1.96	1.43	2.19	0.43
Others*	-	-	-	-	-	-	2.09	2.96	0.82	14.95	14.88	15.03
Not Stated	-	-	-	1.73	2.28	0.99	0.28	0.31	0.25	0.08	0.07	0.10

Source : Shrestha & Pant: Economically Active Population, Chapter VII in Population Monograph, CBS, 1995 page 209-210; CBS Unpublished Tables of Population Census 2001

\* Refers to "Elementary Occupation " category in Table 28 – National Report of the Population Census 2001. For ease of comparison with the previous censuses it has been termed as "others" category.

### 9.7.5 Rural-Urban Differentials in the Structure of Usually Economically Active Population

The rural-urban breakdown of the occupational distribution of the employed population in 2001 is presented in Table 9.15. In rural areas two-thirds (66%) of the populations are employed in agricultural occupation while in urban areas the proportion of such population was less than two-fifths (38%). In both the areas more females are employed in agricultural occupation. In the rural areas the proportion was as high as 72 percent. These finding are in the expected direction. Furthermore, the proportion engaged in professional and technical occupation is much higher in urban areas as compared to rural areas. The classification of occupation into agriculture and non-agriculture reveals that majority of the economically active population (62%) in urban areas are employed in non-agriculture while in rural area only one-third (34%) are employed in non-agricultural activities.

**Table 9.15 : Percentage distribution of usually economically active population by major occupational group and by residence, Nepal, 2001.**

Major Occupational Groups	Rural			Urban		
	Both Sexes	Male	Female	Both Sexes	Male	Female
Professional & Technical	2.95	4.44	1.13	8.58	10.65	5.17
Administrative & Related	0.32	0.50	0.10	1.45	2.02	0.52
Clerical	1.43	2.31	0.36	4.18	5.71	1.65
Sales	5.67	7.70	3.18	15.86	19.33	10.12
Services	7.98	7.32	8.78	13.87	14.56	12.73
Agriculture	65.58	60.84	71.37	38.16	29.70	52.17
Production	0.98	1.52	0.31	3.02	4.32	0.94
Others*	15.01	15.29	14.68	14.70	13.59	16.55
Not Stated	0.08	0.44	0.09	0.10	0.09	0.12

Source : CBS, Population Census 2001 Unpublished Tables.

### 9.7.6 Ecological and Regional Variations in the Occupational Classification of Economically Active Population

Overwhelmingly large proportion of the employed population (79%) in Mountain and Hill (66%) has agriculture as their major occupation. As a result of this the population engaged in occupation other than agriculture is very low. The occupational pattern of the employed population is more diversified in Terai than in Hill and Mountain (Table 9.16). Only less than half of the employed population in Terai is engaged in agriculture. Sales and service occupation together accounts one-fifth of the employed population in Terai where as in Mountain it is less than 10 percent and in Hill it is 15 percent. It should be noted here that elementary occupation, which has been categorized under "others", constituted more than one-fifth (22%) of the employed population in Terai. This proportion is more than double of Hill (10%) and almost two and half times higher than in Mountain(9%).

**Table 9.16 : Percentage distribution of usually economically active population by major occupation for ecological region, 2001.**

Major Occupation	Mountain	Hill	Terai
Professional & Technical	2.50	4.48	4.18
Administrative & Related	0.17	0.63	0.57
Clerical	0.99	2.16	2.09
Sales	3.28	7.02	9.72
Services	5.66	8.73	10.52
Agriculture	78.48	65.91	49.15
Production	0.30	1.43	1.63
Others*	8.56	9.53	22.01
Not Stated	0.05	0.08	0.09
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source : CBS, 2002 Population Census 2001 National Reports Table 27.

With regard to the occupational distribution of employment in CDR the proportion of population having agriculture as their major occupation is lowest while sales and service as their occupation is highest among others. FWDR has the highest proportion of employed population engaged in agriculture (73%). Data presented in Table 9.17 revealed a more diversity in term of occupation distribution of employed population in CDR as compared to other regions. With regard to the gender differentials in occupational distribution across development regions, the proportion of

females engaged in agriculture, as their major occupation is higher than males in all the regions while the proportion of males engaged in professional and technical and sales as their major occupation is larger than females in all the regions (Annex 9.2).

**Table 9.17 : Percentage distribution of usually economically active population by major occupation for development regions, 2001.**

<b>Major Occupation</b>	<b>EDR</b>	<b>CDR</b>	<b>WDR</b>	<b>MWDR</b>	<b>FWDR</b>
Professional & Technical	3.78	5.39	4.09	3.32	2.52
Administrative & Related	0.58	0.82	0.46	0.34	0.27
Clerical	1.58	2.98	1.49	1.47	1.83
Sales	7.13	10.09	7.52	6.40	5.22
Services	7.78	11.61	9.07	9.05	5.89
Agriculture	59.35	50.92	63.88	64.54	73.24
Production	1.16	2.26	1.22	0.87	0.50
Others*	18.56	15.85	12.20	13.94	10.44
Not Stated	0.09	0.09	0.07	0.07	0.11
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source : CBS, 2002 Population Census 2001 National Reports Table 27.

## **9.8 Employment Status**

It has been customary to classify the employed population into four broad categories according to their employment status. They are: (i) employer, (ii) employee, (iii) self-employed or own account worker and (iv) unpaid family worker. 2001 population census also used similar classification. This classification has been used for the employed population both in agriculture and non-agriculture sectors. In many countries the classification of agriculture follow a different employment categories. The percentage distribution of the employed population according to their employment status has been shown in Table 9.18. Own account worker still constituted the majority (63%) in 2001. This shows that a bulk of employed population is still self-employed in the country. It is, however, encouraging to note that there has been a consistent decline in the proportion over time. The proportion of employees has increased but modestly. Census results of 2001, however, indicated a marked difference in the proportion of male employees (34%) and female employees (13%). Though the employers proportion is still quite low in 2001(4%) the increase between 1991 and 2001 has been quite noticeable. It should be noted here that the proportion of unpaid family workers has increased in 2001, and the increase is more conspicuous for females. It shot up from 3.5 percent in 1991 to 12.8 percent in 2001. This sudden increase could be attributed to the inclusion of extended economic activity under the definition of the economically active population in 2001 census.

**Table 9.18 : Percentage distribution of employed population (aged 10 + years) by employment status and sex, 1971-2001.**

Employment Status	1971			1981			1991			2001		
	Both Sexes	Male	Female	Both Sexes	Male	Female	Both Sexes	Male	Female	Both Sexes	Male	Female
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Employees	9.34	11.69	3.65	9.07	11.84	3.85	21.41	27.81	11.96	24.63	33.72	12.75
Employers	0.45	0.55	0.21	0.69	0.86	0.36	0.56	0.70	0.36	3.80	3.85	3.73
Own Account Workers	85.82	84.66	88.98	85.54	83.21	89.95	75.25	69.53	83.69	62.73	56.69	70.63
Unpaid Family Worker	4.29	3.10	7.16	2.52	1.73	4.02	2.34	1.53	3.53	8.83	5.73	12.88
Unspecified	-	-	-	2.18	2.36	1.82	0.44	0.43	0.45	-	-	-

Source : Shrestha & Pant: Economically Active Population, Chapter VII in Population Monograph, CBS, 1995; CBS Population Census 2001 National Report Table 32



## 9.9 Employed Population and Duration of Work

Census also solicited information from all economically active population about the duration they worked during the one-year reference period. This information was gathered for the first time in 1991 census (*Shrestha & Pant, 1995*). This practice was repeated in 2001 census. While preparing census tables CBS classified the duration of work into four broad categories as presented in the Table 9.19. It is encouraging to note that more and more people are employed for longer duration in the country. As may be observed in the table overwhelmingly large majority of usually economically active population (84%) worked for more than 8 months during the reference year and the increase is by 18 percentage points during last decade. This indicates that the extent of underemployment in the country has reduced. Data further reveal that more females are underemployed as compared to males. Duration worked by males is higher than females. As a result the proportion worked for 6 to 7 months declined sharply. Interestingly, those who worked for less than 3 months recorded marked increase, more importantly for females from 2.82 percent in 1991 to 6.8 percent in 2001.

**Table 9.19 : Percentage distribution of economically active population (10+ years) by duration of work in the 12 months preceding the census by sex, 1991- 2001.**

Duration of Work	1991			2001		
	Both Sexes	Male	Female	Both Sexes	Male	Female
< 3 Months	2.25	1.86	2.82	5.03	3.68	6.80
3 – 5 Months	6.01	5.02	7.47	6.72	5.04	8.91
6 – 7 Months	26.26	24.43	28.95	4.50	3.62	5.62
8 + Months	65.04	68.19	60.38	83.75	87.66	78.66
N	7339586	4375583	2964003	9900196	5606774	4293422

Source : Shrestha & Pant: Economically Active Population, Chapter VII in Population Monograph, CBS, 1995; CBS Population Census 2001 National Report Table 24

## 9.10 Unemployed Population: Comparisons with other Surveys

Strict comparison of the extent of unemployment in the country is constrained by the lack of uniform definition of unemployment. The definition used to measure the extent of unemployment differs from one census/survey to another. The unemployed are generally, defined as those who do not have a job but are "actively looking for one". Official censuses and surveys usually define a person as unemployed if he/she is out of work (involuntarily) during the reference period and is

looking for a job (CBS, 1985). The 1981 census defined unemployed as those who had not worked for eight months (either at a single stretch or in intervals during the last (year) preceding the day of census enumeration and also seeking job. Nepal Living Standard Survey 1996 defined unemployed as "those who did not work during previous seven days, and was available and looked for work, or did not look for the following reasons: awaiting reply from an agency, waiting to start a new job, 'there is no work', 'don't know how to look ". The international standard definition of unemployment is based on three criteria viz., 'without work', 'currently available for work', and 'seeking work'. All these three criteria need to be satisfied simultaneously in order to be considered anyone as unemployed (CBS, 1999). NLFS 1998/99 used the concept of "currently unemployed". According to the NLFS currently unemployed is "made up of those people who did not have a job or business or were not employed, and who did one of the following:

*either they looked for work in the last 30 days before the interview;  
or they did not look for work in the last 30 days, but were available to work  
and did not look for work because they thought no work was available or  
they were awaiting the results of previous enquiries, or waiting to start  
work, or considered that it was the off season for fishing or agriculture"*  
(CBS, 1999: 14)

The difference in the definition lies in the minimum hours/days of work done preceding the survey. The Survey also made a distinction between "currently unemployed" and "usually unemployed". The former is defined as the groups who have definitely done no work at all during the reference period and are available for work while the latter includes people who have done no work during the year and are available for work.

The population census 2001 classified the economically active population into usually employed and usually unemployed categories depending upon their length of employed and unemployed periods. Census thus defined usually unemployed as those whose length of unemployment is greater than their length of employment (CBS, 2002).

The estimates of unemployment rate obtained from recent census and surveys are illustrated in Table 9.20. These estimates show that unemployment rate is gradually increasing in the country. 8 percent of the labour force is found to be unemployed in the country in 2001. In 1996 it was estimated at 4.9 percent, which rose to 5.2 percent in 1998/99. With the exception in 1996 unemployment rate is higher among females than males. Compared to the estimates of 1998/99

made by NLFS the estimate for 2001 is slightly at an upper side. This could be partly due to the improved definition adopted for the measurement of unemployment.

**Table 9.20 : Comparison of unemployment rate by sources of estimates.**

Census/Survey	Unemployment Rate*		
	Total	Male	Female
2001 Census	8.1	7.0	9.2
NLFS 1998/99	5.2	4.1	6.3
NLSS 1996	4.9	5.6	4.1

\*Number of unemployed persons per 100 economically active populations

Source : CBS, Population Census 2001, Unpublished Tables

CBS, NLFS 1998/99; NLSS 1996

## 9.11 Reasons for Being Economically Inactive

Census also obtained information about the reasons for being economically inactive. 2001 census recorded 8 million (3.2 million male and 4.8 million female) as usually inactive population. These populations were asked to mention the reasons for remaining inactive. "*Study*" has emerged as the leading factor for being economically inactive. This proportion has been consistently rising overtime and has more than doubled from 22 percent in 1981 to 48 percent in 2001. This increase is characterized by marked rise in the proportion of females. While the proportion of female population stating *study* as the reason for remaining inactive almost doubled during 1991 and 2001, the proportion of male remained unchanged (Table 9.21). This signifies the changing perceptions of the parents on the importance of female education in the country.

The increase in the proportion stating study has resulted in the decline of the proportion stating "*household chores*" as the reason for remaining inactive. It has decline from 47 percent in 1991 to 33 percent in 2001 and the decline is more noticeable for females. Comparison of these results with the estimates of NLFS 1998/99 showed some correspondence with respect to household chores. But the proportion stating "study" in the census is much larger in comparison to the NLFS estimate (47% vs 22%). Such a large differences is difficult to explain. Part of the variation could be attributed in the difference of the minimum age considered for the measurement of active population (10+ years in Census and 15+ in NLFS). Another possible reason could be due to the

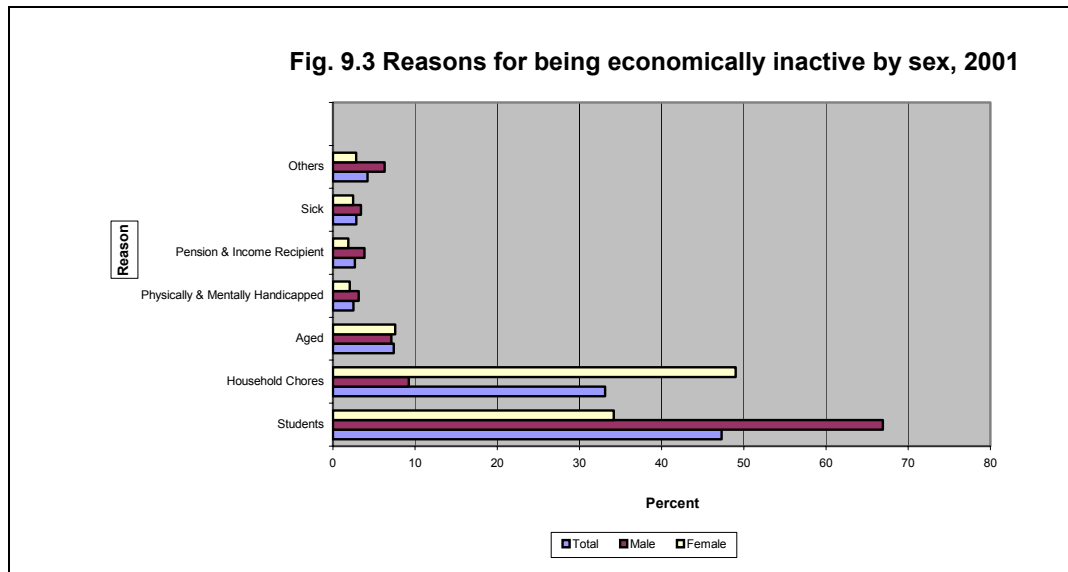
differences in the terminologies used. Census used the terminology "study" while NLFS used "attending school" as the reason for remaining inactive. One could suspect that the operational definitions of these two terminologies might be different. Instruction manual of the census and the survey could shed light in this issue.

The third major reason for inactivity is the age factor. About 8 percent of the population, both male and female equally, stated that they are inactive because they are "old". Interestingly this proportion has declined as compared with the results of 1991 census (Fig. 9.3). In the context of increasing proportion of the old population in the country (from 5.9% in 1991 to 6.5% in 2001) the decline in the proportion citing "old " as the reason for being inactive needs further examination. The other less common reasons were *sickness, physically and mentally handicapped* and *pension and income recipient*. NLFS 1998/99 has kept old and sick together and this constituted one-third of the total inactive population. The proportion of old and sick taken together in 2001 census accounts merely 10 percent of the total inactive population. Difference of such a magnitude within 3 years span is very unlikely (See NLFS 1998/99). The reasons provided for inactivity tend to vary by age of the person. Therefore the age distribution of the inactive population vis-a vis the reasons cited could improve our understanding in this matter.

**Table 9.21 : Percentage distribution of economically inactive population (10+ years) by reasons for being inactive by sex, 1981- 2001.**

Reasons	1981			1991			2001		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Students	22.15	65.12	8.01	36.29	65.84	19.68	47.30	66.94	34.19
Household Chores	61.82	0.73	81.91	47.03	12.00	66.72	33.10	9.24	49.00
Aged	7.52	12.71	5.81	10.44	11.77	9.70	7.39	7.11	7.58
Physically & Mentally Handicapped	1.53	3.62	0.84	1.32	1.97	0.96	2.49	3.15	2.05
Pension & Income Recipient							2.66	3.83	1.88
Sick							2.84	3.41	2.46
Others	3.43	10.87	0.98	3.50	6.75	1.68	2.41	3.16	1.92
Unspecified	3.56	6.95	2.45	1.41	1.67	1.26	1.80	3.13	0.91
N							8034164	3213311	4820854

Source : CBS, Population Census 2001, National Reports Table 36



## 9.12 Summary, Conclusion and Discussion

This chapter examines the trends, patterns and structure of economically active population using the 2001 population census tables. Census data on economically active population suffers from several limitations and has created the problem of comparability. The limitation emanates from the changes in definition, concept, age threshold and reference period used and type of questions administered in the censuses. The 2001 census widened the definition of economically active population considerably. Though the overall economic activity has increased the refined female activity rate increased more sharply than male in 2001 as activities like collecting firewood for household use, fetching water, food processing for household consumption etc was considered as the economic activity under the title of extended economic activities.

The overall participation rate of population aged 10-14 years has declined significantly in the country. It has been documented that the school enrolment of the students has increased and the extent of child labour has also gradually reduced. The difference in crude and refined activity rate between rural and urban area is gradually narrowing down. It is obviously encouraging. Various development programs of poverty reduction launched both by government and non-government organizations have helped to reduce this gap. Ecological differences in the activity rates have widened while regional differences are minimal. Sex differences in activity rates among three ecological zones have also continued. The gender differences in the activity rate are more pronounced in CDR. FWDR recorded a significant achievement in narrowing down the gender differences in participation rate.

Data revealed a gradual shift of employment from agriculture to non-agricultural occupation in the country. Manufacturing and commerce industry recorded a significant improvement in terms of employment of economically active population. Larger proportion of females as compared to males is engaged in manufacturing and electricity and gas industry. Given the socioeconomic condition this sudden shift in the structure need further probing. While the proportion of employed population engaged in primary sector recorded a decline the proportion engaged in secondary and tertiary sectors recorded marked increase. This clearly shows the shift in the functional distribution of labour force and also socio-economic transformation in the country.

The industrial classification of active population indicates that CDR is more diversified than any other development regions. This signifies the need for a more balanced regional development so that more diverse employment opportunities are available in all development regions. It should be noted that the proportion engaged in "others" category increased disproportionately. This marked increase raises room for suspicion that some activities of "*production related*" might have been put under "*others*" category. Own account worker still constituted the majority. This shows that a bulk of employed population is still self-employed in the country. It is, however, encouraging to note that there has been a consistent decline in the proportion over time. The proportion of unpaid family workers has increased and the increase is more conspicuous for females. This sudden increase could be attributed to the inclusion of extended economic activity under the definition of the economically active population in 2001 census.

It is encouraging to note that more and more people are employed for longer duration in the country. Overwhelmingly large majority of usually economically active population worked for more than 8 months indicating that the extent of underemployment in the country has reduced. The estimate of unemployment rate obtained from recent census shows that 8 percent of the labour force is unemployed in the country. The unemployment rate is gradually increasing in the country. This magnitude would be even much larger if youths going abroad especially in Arab countries for employment would be reduced. Government should therefore focus more on employment creation activities within the country.

"*Study*" has emerged as the leading factor for being economically inactive. This proportion has more than doubled during 1981 to 2001. This increase is characterized by marked rise in the proportion of females. This signifies the changing perceptions of the parents on the importance of female education in the country.

## References

- Central Bureau of Statistics (2002). *Population Census Results in Gender Perspective Vol. II*. National Planning Commission Secretariat, HMG/Nepal.
- Central Bureau of Statistics (2001). *Population Census 2001 Instruction Manual*, National Planning Commission Secretariat, HMG/Nepal
- Central Bureau of Statistics (1999). *Report on the Nepal Labour Force Survey 1998/99*, National Planning Commission Secretariat, HMG/Nepal
- Central Bureau of Statistics (1977). *The Analysis of the Population Statistics of Nepal*, National Planning Commission Secretariat, HMG/Nepal
- Central Bureau of Statistics (1987). *Population Monograph of Nepal*, National Planning Commission Secretariat, HMG/Nepal
- Central Bureau of Statistics (1995). *Population Monograph of Nepal* National Planning Commission Secretariat, HMG/Nepal
- Central Bureau of Statistics (2002). *Population Census 2001: National Report* National Planning Commission Secretariat, HMG/Nepal
- Niroula, B. P. (2003). *Measurement of people's economic activity in census*, *The Kathmandu Post*, April 1.
- Shrestha, P.P. and Pant, P. (1995). *Economically Active Population* in *Population Monograph of Nepal* Chapter VII, Central Bureau of Statistics .
- Shroyck, H. S. and Sigel, J. S. (1976). *The Methods and Materials of Population, Analysis*, New York: Academic Press.
- United Nations (1964). *Determinants and Consequences of Population Trends*, United Nations, New York
- United Nations (1990). *International Standard Industrial Classification of All Economic Activities*, Third Revision, New York

**Annex 9.1: Percentage distribution of usually economically active population by major industrial sectors for sex and development region, 2001.**

Industry	EDR			CDR			WDR			MWDR			FWDR		
	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
Agriculture, Forestry & Fishing	67.42	63.63	72.43	58.39	53.34	66.94	68.18	61.30	75.23	68.33	65.18	72.12	76.76	70.04	83.64
Mining & Quarrying	0.17	0.21	0.11	0.14	0.14	0.13	0.21	0.25	0.17	0.20	0.20	0.20	0.08	0.12	0.04
Manufacturing	7.75	7.28	8.38	11.39	10.41	13.04	7.98	7.72	8.24	8.13	6.45	10.17	5.57	4.60	6.57
Electricity, Gas & Water	1.64	0.48	3.17	1.35	0.73	2.39	1.43	0.61	2.28	1.83	0.52	3.41	1.37	0.40	2.36
Construction	2.22	3.08	1.08	3.53	4.85	1.30	2.93	4.60	1.22	3.36	5.02	1.35	1.78	2.63	0.92
Commerce	10.24	10.12	10.39	11.15	12.01	9.68	10.16	11.10	9.20	9.13	9.53	8.64	6.02	7.93	4.06
Transport & Communication	1.63	2.77	0.13	2.24	3.44	0.23	1.46	2.77	0.11	1.08	1.90	0.08	0.72	1.38	0.04
Finance & Business Services	0.64	0.98	0.19	1.14	1.55	0.46	0.63	1.04	0.21	0.61	0.98	0.16	0.42	0.74	0.09
Personal & Community Services	6.04	8.77	2.43	8.94	11.49	4.63	5.80	9.02	2.50	5.17	7.83	1.95	4.83	8.14	1.42
Others	2.03	2.46	1.47	1.46	1.74	0.99	1.05	1.42	0.68	1.95	2.17	1.68	2.20	3.80	0.56
Industry Not Stated	0.21	0.21	0.22	0.27	0.30	0.20	0.16	0.16	0.17	0.22	0.20	0.25	0.26	0.21	0.30



**Annex 9.2 : Percentage distribution of usually economically active population by major occupation for sex and development region, 2001.**

Major Occupational Groups	EDR			CDR			WDR			MWDR			FWDR		
	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
Professional & Technical	3.78	5.47	1.54	5.39	6.81	2.97	4.09	6.30	1.82	3.32	4.93	1.37	2.52	4.21	0.78
Administrative & Related	0.58	0.85	0.23	0.82	1.13	0.29	0.46	0.78	0.13	0.34	0.57	0.07	0.27	0.47	0.06
Clerical	1.58	2.43	0.44	2.98	4.10	1.09	1.49	2.52	0.43	1.47	2.37	0.37	1.83	3.28	0.34
Sales	7.13	9.12	4.51	10.09	12.53	5.95	7.52	10.18	4.79	6.40	8.85	3.45	5.22	8.82	1.52
Services	7.78	7.47	8.19	11.61	11.05	12.55	9.07	9.81	8.32	9.05	7.95	10.38	5.89	5.29	6.51
Agriculture	59.35	55.22	64.80	50.92	44.96	61.01	63.88	56.35	71.59	64.54	60.95	68.86	73.24	65.88	80.79
Production	1.16	1.79	0.33	2.26	3.13	0.80	1.22	2.09	0.33	0.87	1.39	0.25	0.50	0.84	0.14
Others*	18.56	17.59	19.85	15.85	16.22	15.22	12.20	11.91	12.50	13.94	12.91	15.18	10.44	11.09	9.76
Not Stated	0.09	0.06	0.12	0.09	0.07	0.12	0.07	0.06	0.08	0.07	0.07	0.07	0.11	0.13	0.09