

An Example of a Research Proposal

Economic models for peace, growth and poverty alleviation and resolution of conflict in Nepal, July 2010-July 2011

Poverty and inequality in Nepal has increased substantially in the last two decades. Major reason for this is the failure of the economy to grow because of internal conflict and political instability. As a result of the lack of employment prospects in the country thousands of young people are forced to migrate abroad and economy has lost manpower that could actively contribute to the growth process. Nepal's performance has been dismal compared to neighboring countries in terms of per capita income either in market prices or in PPP terms.

This study has three major objectives:

1. (a) To measure the depth of poverty and pattern of inequality in the distribution of income in Nepal based on most up to date household level information.
- (b) To find a mechanism that can help alleviating poverty in Nepal within a shortest possible time period.
- (c) To provide a thorough comparison of successes and failures of poverty reduction strategies in South Asia, and possibly also from other regions.

Literature review: Impact of Political Conflict on Poverty and Income Inequality

Available documents on poverty from the National Planning Commission of Nepal, Ministry of Finance and Central Bureau of Statistics explaining the poverty situation in Nepal are not up to date. Reports of international agencies such as the World Bank or the Asian Development Bank are helpful but very general and outdated particularly in the current context of conflict. Many macro and micro level studies in India could be relevant but have not been properly accounted so far while analysing poverty and income inequality studies in Nepal.

A significant amount of work has been done on the issue of measurement and analysis of poverty using statistical, econometric and dynamic general equilibrium models for evaluation of micro and macro level policies over years. UK has a history of more than 100 years of study on basic need since Rowntree's (1899) studied the minimum living standard for a respectable life in York in Britain (see updates in Glennester, Huills, Piachaud and Webb (2004)), Orshansky (1965). As Atkinson (1970) argues "a poverty line cannot be defined in a vacuum, but only in relation to a particular society at a particular date". Accurate measurement of poverty and determining the appropriate methods for its reduction has been an issue of theoretical investigation in works of Sen (1976), Foster and Shorrocks (1985),

Basu (1985), Vaughan (1987), Preston (1995), Shorrocks (1995) and Chakravarty (1997), Bhattarai (2010).

Traditionally measurement of poverty is expressed in terms of head-count ratios and the income-gap ratios. Inequality is studied in terms of Gini coefficients, standard deviations and Lorenz curve. Many empirical studies that have appeared recently that aim to justify and monitor programmes aimed at reducing poverty using these concepts. Such poverty reduction strategy frameworks often linked to the millennium development goals (UNDP (2000)). Earlier OECD (1976), UNDP (1991), World Bank (1991), Ravallion (1996) tried to assess depth of poverty in low income countries in Asian, Africa and Latin America.

It is still difficult to find appropriate models for alleviation poverty that takes account of the structural features and provides the long run growth path base on the scientific analysis of micro and macroeconomic policy issues for Nepal. **Nepal has failed to draft a constitution within a reasonable time.** Since July 2010 even sixteen rounds of elections at the Constituent Assembly could not elect a PM for the country. How does poverty feature in growth trajectories of major political parties? How would the distribution of income be affected by policies mentioned in their manifestos? This question has not been answered in Nepal. This research project aims to fill this gap developing both theoretical and applied models for Nepal based on existing information on household surveys, time series data as well as creating a new database based on new surveys of households across various regions and districts and in various income groups. It will assess impacts of current conflict and public policies on prospects of majority of people in Nepal.

A comprehensive understanding of the issue requires:

1. (a) Macro level studies that involve building suitable macroeconomic models required to analysis of impacts of fiscal, monetary, exchange rate and trade policies on growth, income distribution and efficiency of allocation of resources in terms of welfare of households in the economy.
- (b) Micro survey will be conducted to take fresh information on income, consumption, labour supply, education, occupation, family and local or regional backgrounds of households. Study will cover Hill, Mountains and Tarai and provinces in the federal republic of Nepal.

Cost of the project

This study is continuation of the current project “Conflict and Economic Growth in the Federal Republic of Nepal 2009-10”, which was based on stratified random sampling technique with respondents over 55 districts of Nepal. Young students, like Kedar Bhattarai and Surendra Pathak currently in the MA programme in rural development in Kirtipur, Kathmandu Nepal who did the field survey for the study for conflict and growth project are willing to extend this project to analyse impacts of conflict on poverty and work for their Masters’ dissertation. It will consists of two exercises; an up to date survey based analysis of poverty and modelling of economic policies to contain poverty. For the first part Kedar and Surendra will collect and process information on up to 5000 households, and do preliminary literature review and analysis. Database will be created based on interviews. Statistical summary of all variables will be prepared using standard statistical software. Second aspect relates

to dynamic modelling of poverty in Nepal. This model will be based on micro and macro realities of the Nepalese economy.

Findings will be presented in reports to be distributed to concerned public and private organisations in Nepal. Results will also be used to write good up to date journal articles. Each of these two researchers will work for 12 months with a salary of Rs.20, 000 a month; thus the salary cost amounts to Rs 480,000. Other expenses will be Rs. 60,000. Thus the total cost of the project will be Rs 440,000.

Externally Dr. Keshab Bhattarai of the Business School of the University of Hull, UK is willing to provide some supervision to the project. He has published books and articles on analysis of poverty and economic modelling; details of this can be found in his web site at <http://www.hull.ac.uk/php/ecskrb/>.

Expected Outcomes This research project expects to have following outcomes by the end of the project.

1. (a) Measurement of the impact of conflict on poverty.
- (b) Analysis of the mechanism required for analysis of the depth of poverty and strategy for poverty alleviation and strengthening growth process in Nepal.
- (c) An analysis of the causes, consequences of existing inequality in income distribution and remedial measures to correct to gap between rich and poor.
- (d) International comparison of poverty alleviation strategies, particularly related to the South Asia.
- (e) Publication of report of the research project.

Survey Questionnaire

Impact of Conflict on Poverty and Income Inequality in Nepal 2010

A General Background

1. Age
2. Gender M F
3. Ethnic background:
4. Education
5. Profession
6. Average monthly income
7. District

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B Specific questions

1. What is your average monthly expenditure on following items?
2. What is your monthly income?
3. Provide information on your family
4. Given your education, professional skill and interest what is the most realistic option would you choose if you do not have any financial constraint?
5. What is your ambition in life?
6. How much money do you need to get started on the work of your choice?
7. How can the national government do for you to achieve above target?
8. What can the local government do for you to achieve above target?

Table 1: Average Monthly Expenditure

	Expenditure in Rupees
Food	
Housing	
Clothes	
Education	
Health	

Table 2: Average Monthly Income

	Income in Rupees
Wages	
Rent/Property	
Financial Assets	
Pension	
Other	

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Table 3: Number of family members at work

	Number
Total	
At work	
At school	
Unemployed	
Outside the country	

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Process of a Dissertation

Dissertation done well can be academically rewarding and might generate confidence, motivation and satisfaction and a framework of thinking to link all pieces of work done in degree up to this point. It is more than individual essays you might have written for various modules. It should reflect your interest and professional knowledge in analysing an important issues using qualitative or quantitative framework whatever may be appropriate for you analysis. It must have clear aims and objectives and a set of questions and hypotheses to test cause-effect relationships among variables being studied. You must have clear idea on the relevant literature, methodology, expected results and a scientific approach to investigate the issue.

Think hard why the topics being studied is so important for dissertation, what are theoretical or empirical tools most appropriate for that topic, and what are the expected results. Above all think about your original contribution to the existing literature and analysis. Choose a topic in which you can make a significant contribution. Do not plunge on the primary or secondary data unless you are clear on these points and analytical techniques. Though these points must have been clear from lectures so far or from the research methods studied earlier, please pay close attention to following nine points:

1. Issue of research should be very specific, well defined and manageable within the time allowed for it. A good focus in the topic during the study is absolutely vital for a successful dissertation which is possible when the research question is very specific. Narrow it down. Quality of a dissertation improves by depth rather than its breadth. The depth of analysis counts more than its breadth.
2. Clarity on relevant theory applicable to the issue at hand is very important. A theory establishes links among a number of variables and helps to predict with some degree of confidence how a certain change in one variable can affect the value of another variable(s). Use familiar diagrams charts or equations for quantitative analysis or smooth out the flow of arguments that is generated from the skills learnt in other modules and reading relevant journal articles. More challenging dissertations may require even exploring methods based on critical review of the literature even though they have not been studied before.
3. Students are expected to assess, summarize, criticise, examine, question, challenge and digest the theoretical and empirical arguments and show originality by comparing and contrasting findings your own analyses and views regarding the issue under study to that in the literature. It is expected that students have a critical review of the theory and the literature relevant to the study. Consulting academic databases such as the JSTOR, SSRN, Econlit and with key words are very useful in finding out the most important works done in the area. Many journals have home pages with freely

downloadable articles. Read literature critically with particular focus on theoretical structures, findings and limitations of the study.

4. Topics and issues should be introduced smoothly and gently in terms of complete and meaningful sentences. Use simple methodology that you thoroughly understand. More complicated specification of simulation or econometrics methods or surveys follow from simple logic. Which method is suitable and appropriate for a study depends partly on the objectives and questions of research as well as on one's beliefs and interest and skills. Whatever is being done should be done more professionally convincing readers about the major question of the study and how the research is being undertaken. In the past some did macroeconomic models, others did micro economic analyses and still others based their studies on surveys or data analyses.
5. It is very important to acknowledge ideas borrowed from the literature and maintain academic honesty by referencing works of other people. Follow rules of quotations and punctuations to avoid plagiarism. Write sentences in your own words and follow a standard format for dividing chapters sections and subsections. For a journal article and a book site as Ramsey (1928) or Keynes(1936) in the main text of dissertation and provide a complete list references for each source used as following:
 - Ramsey, F.P. (1928) A Mathematical Theory of Saving, *Economic Journal* 38, December, 543-559.
 - Keynes J. M. (1936) *The General Theory of Employment, Income and Interest Rate*, Cambridge University Press, London.
6. Give the reader of your dissertation an impression that you know what you are writing on. Explain each diagram, chart and equation clearly and discuss how it proves your points. Use relevant cross section, time series or survey data to be used for the study and plot their levels, shares, ratios, proportions, find correlations, regressions or simulations as appropriate to see the patterns and to convince yourself whether they support the theoretical reasoning or hypotheses. Extend the number of years, or enlarge the size of the sample if necessary.
7. Actual presentation of research results is very important. It is often found that some dissertations suffer because of poor writing though students might have done very good research. Poor writing can reduce marks substantially. Write complete and meaningful sentences. Check spelling and grammar and rules of punctuation and quotations. Express ideas in short sentences rather than long ones and avoid jargons as far as practicable. Write one idea in one paragraph. Make sure that arguments flow smoothly among paragraphs. Divide the study in sections in natural order of organisation and give some layout or plan of the study in the beginning so that any reader of the thesis can follow the whole presentation without any difficulty.
8. Edit the manuscript several times before submission. Do not hesitate to cut down irrelevant sections. Be consistent throughout the manuscript. Use summary rather than in extensive style to economise on space available.
9. It is the professional presentation and quality of work that matters in evaluation.

A Tentative Structure of a Student Research Report

1. (a) 1. Introduction: Motivation to the Topic
 - Why is it necessary to study the chosen topic? What is original? What is known about it and what is unknown? More specifically what are the major objectives of the research? 5 pages
2. Review of the Literature
 - What are the most important works done in this area? Who have done it? What was their theoretical structure? How did they analyse the issue? What did they find? What are limitations of their study? How can the proposed study improve it? 8 pages
3. IMethodology of the Study
 - In what way is the proposed methodology different than in found in the literature? What are major assumptions and what are their limitations? What is the major structure of analysis? 10 pages
4. Analytical structure: Main part
 - Does the study involve a coherent mathematical model? Or does it contain applied work? How do different pieces of model structure fit together? What is the coherent and consistent story coming out of the analysis? How robust is the theoretical structure? 15 pages
5. Empirical support and application
 - How can the model presented above applied in real life? What sorts of data does it use? If data were not in model consistent format what need to be done to make it consistent. How robust are the empirical results? 15 pages
6. Major findings, Implications and Recommendations
 - What were the major findings of the study? How much do they fulfil the objectives of the study? 5 pages
7. References
 - Journal Articles, books, Web pages. 2 pages
8. Appendix

Survey questions, data series, charts, figures and other elements that support the main body of the dissertation.

Relevant web pages:

<http://www.econometricsociety.org/>; <http://www.aeaweb.org/aer/index.php>; <http://www.res.org.uk/econ>

<http://www.imf.org/external/pubs/ft/weo/2010/01/weodata/index.aspx>;

<http://www.ifs.org.uk/publications/789>

<http://www.esds.ac.uk/international/>; <http://www.bankofengland.co.uk/>;

<http://www.hm-treasury.gov.uk/>

<http://www.eea-esem.com/EEA/2010/Prog/> - look at fiscal policy sessions.

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