

Micro-Enterprises, Development for Poverty Alleviation

Volume I

Micro-Enterprise Development Programme (MEDEP)/UNDP
Ministry of Industry (MOI)
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About the Book

Introduction

Micro-Enterprise refers to any economic unit engaged in the production and distribution of goods and services at household level. It is primarily of self-employed nature, employing him/her in the enterprise and sometimes some family members. The enterprise runs on little amount of capital investment at a fixed market centre or mobile business locations. This sector is identified with features like reliance on indigenous resources, family ownership of enterprises, small scale of operation, labour-intensive, adapted technology, and minimum skill. Micro-enterprise, therefore, is particularly suitable for poor communities.

Micro economic enterprises play a vital role in poverty reduction in both rural and urban areas, and reinforce urban-rural linkages for economic and social development in Nepal. The linkages are essential not only for utilization of local resources but also in acting as agents for the flow of goods and services between urban and rural areas. Their roles are important since they possess the features like self employment generation, employment to poor and women, use of local resources, meeting basic needs of the poor, traditional enterprise/skill and craftsmanship, labour intensive, self satisfaction on the job, entrepreneurship and innovative (skill learned through apprenticeship method), and fair income distribution among the poor.

However, development and promotion of Micro-Enterprises in Nepal has been hindered due to some major factors: First, lack of easy access to micro-credit is the most crucial constraint and, therefore, Micro-Enterprises are unable to utilize the economic opportunities available in the local area in sustainable and successful manner. Promotion of micro informal enterprises is required in their overall productivity enhancement considering resource allocation, i.e. credit facility. Secondly, Micro-Enterprises lack knowledge and skills to produce the items as per market demand. Therefore, promotion-based training is next important component, which should be poor community -friendly and it should be provided to potential and interested individuals to upgrade their knowledge and management of enterprising skill. Excellent entrepreneurs will be produced only if trainings are provided at different stages and levels. Monitoring is essential for validating and use of trainings. Thirdly, labour and capital productivity and rate of surplus are other measures to promote Micro-Enterprises. These include the considerations of skill up-gradation, management, and technological improvement. Lastly, other constraints of micro enterprising development include (i) limited backward and forward linkages, (ii) lack of market chains and price chains of the products, and (iii) lack of market places for selling within the cities. These necessitate due considerations.

The government agencies should play a crucial role to promote safeguard and manage the micro economic activities. If managed properly, it will be one of the crucial income sources for the local government units.

Micro-Enterprise Development Programme (MEDEP) is thus established to address all the issues, problems and measures related to micro-enterprises. As a part of dissemination, skill development, knowledge sharing, operational research development, and constructive recommendations for further development of the Programme, MEDEP since its inception in 1998 has initiated to assist students from universities and campuses with scholarships to complete their research theses. This volume intends to draw papers out of the theses and research reports duly submitted to MEDEP.

Methods

Altogether 23 internship reports, theses and research reports this volume embraces. These papers are prepared based on the standard formats that include components like (i) abstract, (ii) introduction (rationale and problems statement), (iii) objectives, (iv) review of literature, (v) materials and methods, (vi) results and discussions, and (vii) conclusion and recommendations.

The theses and research reports integrate different academic levels. They include, for instance, 12 Master's level, 2 Post-Graduate Diploma, 3 Bachelor level, 5 Internships, and 1 in project report. They cover different fields of studies like regional development and management, rural development, sociology and anthropology, gender and development, women studies, development studies, forestry, business administration, and population. Researchers represent different universities and development agencies like Tribhuvan University and its affiliated campuses, Kathmandu University, Pokhara University, Purbanchal University, and Manchester College, USA and MEDEP. They deal with the Micro-Enterprises of different fields of studies, comprising NTFPs, women empowerment, impacts, local resources based-products (beekeeping, Dhaka, ginger, and off-season vegetables), water resource, market outlets, and social inclusion. These research works have been completed from 1991 to 2007. Fifteen researchers are female and eight males. There are 17 full-fledged papers containing all components as stated above and remaining six are short-note papers that do not contain literature review and references.

Acknowledgements

This book contains theses and research reports contributed by the students of respective universities, colleges and other academic institutions. MEDEP owns all these theses and research reports. Effort in this book has been made to produce research papers out of those theses and research reports. All the papers contain the data gathered and generated from the field surveys conducted by the authors across different parts of Nepal. In broader term, the papers deal with concepts, issues, contemporary theories and models, problems, prospects and policy measures of micro-enterprises. These serve as complements and contribute to the development of micro-enterprises. This book will be useful to development practitioners, policy designers, students and researchers interested particularly in the roles of micro-enterprises in improving livelihoods of the poor people and local economic development.

MEDEP management would like to express sincere gratitude to all the students, their supervisors and head of the Universities, colleges and other academic institutions for their interest in MEDEP particularly in Poverty Alleviation through Micro-Enterprise Development. MEDEP management also expresses its heartfelt gratitude to Dr. (Prof.) Pushkar Pradhan, Head, Central Department of Geography, Tribhuvan University for his support in technical editing of this compilation and including this publication as one of the reference books for the students studying Master Degree in Geography specialising in Micro-Enterprises and Livelihoods in Urban Planning and Management. Finally, all the entrepreneurs who provided the first hand information to the students and professionals to make their research agenda successful also deserve high appreciation.

MEDEP Management

FOREWORD

To address the dire need of a proven tool that could fight poverty in the county by sustainably promoting entrepreneurship culture, particularly in the population living below the poverty line, Micro-enterprise Development programme (MEDEP) was launched as piloting phase in 1998.

Since then, MEDEP's interventions in the activities of the target poor people, imparting them need based training, skills and knowledge, access to micro-finance, access to appropriate technology, shoring up startup support, establishing resource and market linkage and research work support for scientific investigation and evaluation of the process, impact, and lesson learnt have been continuously refurbishing MEDEP and its tools, intervention process and methodologies rationalized in every phase, suitable to the need and the demand.

Poverty reduction and achievement of Millennium Goal is not simply the tasks set forth by the world governments and global communities, it is also the challenge facing the local, regional, the central governments in the world map as well.

The United Nations, World Community and the donor agencies have been supporting the least developed countries in their fights against the poverty. Many such projects were funded and implemented in Nepal as well. Tremendous numbers of immediate and long term researches, data collection and compilation of the important and relevant information have already been conducted while implementing such different development programmes. However, the researches and data collection is lost along with termination of the programmes, hampering the free share and better utilization of the valued information when needed for policy formulation, academic studies, specialization and proper knowledge based management.

Learning lessons of the many of Multi-donor supported projects in Nepal, MEDEP came up with a solution and initiated institutionalization of the knowledge management after the MEDEP Project Board decided that huge data and information generated by the project should be converted into knowledge management through academic research and the cost effective way of doing so is by involving students of different Universities, Colleges and Institution in Nepal and abroad to conduct their internships, theses and dissertation. This decision opened the door for students studying in academic institutions and started conducting their researches in the MEDEP related fields through institutional linkages between MEDEP and academic institutions. By now since 2006 more than 40 students have benefited with this knowledge management mechanism and this is the first effort of MEDEP to compile the internship reports,

theses and dissertation based extracted from articles and publish them in Volume I which will follow publication of Volume II.

I am confident; MEDEP's initiation to bring about positive changes in the lives of hardcore poor can have tremendous support and invaluable inputs from many stakeholders, sectors, and academia. The collection of research papers prepared by the promising university students will certainly contribute much to enhance the knowledge of the resources and demand of the people living below the poverty line in rock hard geographic, socio-economic, and political situation in Nepal.

The conclusions deduced by some of the theses and study reports presented in this book are anticipated to be useful to all those who have a burning desire to understand the prospects and challenges Nepal has been facing for its poverty alleviation and economic development. Fortitude with natural and human resources, Nepal is still known as one of the poorest countries in global map. Poverty begets adversities; attributing to economic, social, and political anomalies, the poor countries are facing. Consorted efforts to shatter the vicious circle of poverty for achieving prosperity through micro-enterprise development may be the panacea the country is in need for its holistic development. This book is just the beginning.

Dhundi Raj Pokharel
Joint Secretary, Ministry of Industry
And National Programme Director, MEDEP

24 December 2010

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Impact of Micro-Enterprises on Socio-Economic Condition of the Entrepreneurs: A Case Study of Udayapur District

Dinesh Kumar Lama¹

The main objective of this study is to analyse the impacts of micro-enterprises on improving socio-economic condition of the entrepreneurs in two locations - Gaighat, the headquarters town and Hadiya, the village in Udayapur district. After undertakings of the micro-enterprises by the entrepreneurs through the credit, training, and marketing supports of MEDEP, the socioeconomic status of the entrepreneurs has increased considerably. It is evident from the accumulation of physical assets by the entrepreneurs. Enrollment of school going population at schools of all levels increased. Expenditure on purchasing of basic items like foods, clothes, education and medicine has also been increased. But however sanitation condition of the entrepreneurs has not been improved to an expected level. Provision of credit is yet to provide among the poor entrepreneurs. The programme like MEDEP has been successful in generating self-employment through undertaking micro-enterprises and therefore the programmes related to poverty alleviation should be continued and spread cross the country.

1. Introduction

1.1 *Statement of the Problem*

Poverty and unemployment are two major problems faced by Nepal. These problems are more crucial in the rural area. The government of Nepal has accorded high priority on development and promotion of micro-enterprises as a tool to alleviate poverty and reduce unemployment through income generation and self-employment.

Micro enterprises can help reduce poverty through income and employment generation. Their impacts on poverty alleviation are to be seen in the form of improving socio-economic condition, which however vary depending on the availability of resources, accessibility to demand centres, etc. It is in this context to assess how the micro-enterprises improve the socio-economic condition of the entrepreneurs and to what extent they are effective in poverty alleviation through income and employment generation. Following questions have been raised with this regard:

- Is micro-enterprise an appropriate tool to generate income and employment?
- Is micro enterprise a main factor driving the growth in the form of per capita income of the entrepreneurs?

¹ Mr. Lama is a Master's student of Rural Development, Tribhuvan University, 2007.

- Have any positive changes occurred in the social aspects like education, health and sanitation, and housing pattern?

1.2 Rationale of the Study

Poverty in rural Nepal is more rampant, severe and widespread. The government of Nepal in the last two periodic plans like the Ninth and the Tenth had accorded high priority on development and promotion of micro-enterprises to alleviate poverty through income generation and self-employment. Many programmes have been initiated to encourage micro-enterprises for undertaking economic activities. In this context, it is worthwhile to assess whether the socio economic condition of the micro enterprises has been improved after the initiation of the micro-enterprise programme.

2. Objectives

The main objective of this study is to assess the impact of micro-enterprise on improving socio-economic condition of the entrepreneurs after the initiation of MEDEP. The specific objectives are as follows:

- To assess the change in income level of the entrepreneurs
- To analyse the entrepreneurs' income and expenditure patterns
- To examine the educational and health status of the entrepreneurs' family members
- To explore the entrepreneurs' attitude towards micro-enterprises

3. Methodology

Two VDCs like Gaighat and Hadiya of Udayapur district having Micro-Enterprise Development Programme (MEDEP) were selected purposively for this study. Gaighat is the district headquarters town whereas Hadiya is a small rural market centre in proximity to Gaighat. They differ in road accessibility.

Methods of Data Collection

Four survey methods were used. Table 1 presents the types of survey methods, type of respondents and their sample number, and number of activities.

According to MEDEP (2007), Gaighat had altogether 319 entrepreneurs and Hadiya had 88 entrepreneurs. Of these, 100 (53 + 47) entrepreneurs and non-beneficiaries were selected. Gaighat and Hadiya had 59 and 41 respondents respectively. Data were acquired on their demographic feature, education status, health and sanitation, expenditure pattern, income sources, and type of micro-enterprise and their attitudes towards MEDEP. Of the total, the numbers of Dalits, Janajatis, and others were 16, 76 and 8 respectively. Five key informants including Micro-Entrepreneurs' Group (MEG) members and 5 each from Micro-Enterprise Group Association (MEGA) and District Micro-Enterprise Group Association (DMEGA) for focus group discussion were interviewed. In FGD survey, data on success/failure of micro-enterprises, type of benefits, barriers to development and promotion, etc were obtained. Observation was

used to collect data on the existing status of 20 micro-enterprises, products, flow of customers, housing pattern, food pattern, health and sanitation status of the entrepreneurs.

Table 1: Sample size by survey methods and type of respondents

Survey methods	Type of respondents	Sample size of respondents						No. of activity		
		Gaighat			Hadiya			Gaighat	Hadiya	Total
		F	M	Total	M	F	Total			
Enterprise survey	Entrepreneurs	19	13	32	6	15	21	-	-	-
	Non-beneficiaries	18	9	27	6	14	20	59	41	100
Key informant survey	MEG members	3	2	5	1	4	5	5	5	10
	DMEGA members	-	-	-	-	-	-	-	-	-
Focus Group Discussion	MEG members		5	5	-	-	-	-	-	-
	DMEGA members	5		5	-	-	-	1	1	2
Observation		-	-	-	-	-	-	10	10	20

Editing of all data was done carefully for accuracy and outputs were obtained by using Excel programme. In addition, secondary data were collected from the documents and publications of the organizations related to the Programme at centre and district levels.

4. Literature Review

The word “entrepreneur” is derived from the French word “entreprendre” which literally means ‘undertake’. In standard dictionary, it is defined as a person who organizes and manages a business undertaking the risks for the sake of profit. The definition of entrepreneurs varies among the different disciplines. For instance, economists define the entrepreneur as a person who takes risk of capital and other resources in the hope of substantial financial gain. Sociologists define the entrepreneur as a creative innovator in the business sphere in contrast to the conventional business-owner, capitalist, or professional manager, who conforms more often to established procedures and objectives. Psychologist defines the entrepreneur as a man driven by certain forces such as the need of achievement.

In Nepal, according to the Industrial Enterprise Act 1992, a micro-enterprise is defined as an economic activity that carries the features of self-employment, self-managed, employing 1 to 5 persons (including self), fixed capital investment up to Rs 200,000 (excluding land and building), power machine (not exceeding 5 kW), and no licensing requirement.

The entrepreneurial function in Nepal is very old. Historical evidence indicates that it was flourished during the Mall regime (12th - 17th century). The entrepreneurs were skillful in metal, wood and stone arts and crafts that still can be seen in several temples built during that time.

Modern enterprising development in Nepal dates back to 1927, when the first organisation called 'textile industry, Trichandra Charkha Pracharak Mahaguthi' was established. Since then several organisations dealing with enterprises were set up in different parts of the country. The Department of Cottage and Small Industries (DCSI) was set up by the government in 1957. DCSI has established office outlets in 27 districts and cottage and small industry development boards in other 48 districts. It has been providing support services such as skill training for the promotion, expansion and strengthening of cottage and small industries.

Several civil societies are working in promoting micro-credit, micro-enterprises and women's empowerment in undertaking micro-enterprises. Since the early 1990's, some of the agencies like Nirdhan, Center for Self-help Development, Rural Self-Reliance Development Center, Institute of Integrated Development Studies, Rural Reconstruction Nepal, Center for Development and Governance, etc have been working for promoting small and micro enterprises through skill training, enterprise management, credit support and so on (Acharya 2002).

Since 1998, MEDEP, a joint initiative of the Government of Nepal and the United Nations Development Programme (UNDP) has been working to support ultra poor and disadvantaged social groups in different districts of Nepal through establishing viable micro-enterprises. As it claims, the Programme has been successful to achieve its objectives.

Several studies have been carried out on impacts, problems, challenges, and other issues on micro-enterprises throughout different parts of Nepal. They indicate that economic activities on horticulture, vegetable growing, tea plantation etc have shown great promise for growth and sustainability of micro enterprise. Non-timber forest products (NTFPs) including herbs, fruits, mushrooms etc. and products of high-value, low-volume, and low-perishability like vegetable seeds, honey, cardamom, pashmina wool and others have significant potentials but require strong external support in the areas of processing, infrastructure, technological back-up, credit, access to market and the like. Existing policies on micro-enterprise promotion in general and women in particular lack the focus and direction to develop products and services with mountain-specific comparative advantages (Papola 1999).

5. Analysis and Discussion

5.1 Description of Study Area

Udayapur district lies in the country's eastern region. Its total area is 2,063 km². It has 44 VDCs and one municipality. The district's total population is 287,689, comprising 143,756 males and 143,933 females.

The study sites - Gaighat and Hadiya - are located in the southern part of the district are linked by roads. MEDEP was initiated in Udayapur district in 2004. By June 2007, it

created a total of 1,142 micro-entrepreneurs, including 867 females and 275 males in 10 market centres (MEDEP 2007). This comprised 658 Janajatis (57.62%), 270 Dalit (23.64%), and 214 others (18.74%).

To supply adequate foods and other basic needs to the families throughout the year is the main purpose of all earners including micro-entrepreneurs. Almost three-quarters of the entrepreneurs had adequate foods for 6 months only, while 10 percent respondent entrepreneurs had foods adequate for 6 months but below 12 months. The rest entrepreneurs (15%) had foods throughout the year (Table 2).

Table 2: Food sufficiency

Time period	Gaighat		Hadiya		Total	
	No.	%	No.	%	No.	%
< 6 months	18	75.0	11	73.3	29	74.4
6 months	2	4.2	2	13.3	4	10.3
12 months	4	8.3	2	13.3	6	15.4
Total	24	100	15	100	39	100

Source: Field Survey

5.2 Status of Entrepreneurs

Of the 53 entrepreneurs, the number of the trade business entrepreneurs was the largest (41.5%), followed by foods and *Tapari* (Table 3). There was gradual increment in the number of entrepreneurs. The number of all enterprises was only 4 in 2004 and rose to 17 in 2005, 10 in 2006 and 32 in 2007 in Gaighat. It was 9 in 2004, 11 in 2005, 1 in 2006 and 21 in 2007 in Hadiya.

Table 3: Distribution of enterprise types

Products/services	Gaighat	Hadiya	Total	%
Trade business	11	11	22	41.5
Foods	5	2	7	13.2
Tapari (leaf plate)	0	6	6	11.3
Bamboo	5	0	5	9.4
Metal & engineering	5	0	5	9.4
Tailoring	2	2	4	7.5
Mushroom	4	0	4	7.5
Total	32	21	53	100

The population of the sample entrepreneurs in Gaighat and Hadiya was 338 and 256, with average household size of 5.7 and 6.2 respectively. The male (53.4%) exceeded the female (46.6%). The age group of 10-19 years accounted for the largest with 26.4 percent followed by the age group of 20-29 years with 17.3 percent. Of the total 59 respondents in Gaighat, 61 percent have lived in nuclear family, while that of the total 41 responds in Hadiya was 34 percent.

The illiterate of the sample entrepreneurs in Gaighat was 50 percent as compared to 38 percent in Hadiya.

5.3 Impacts

(i) Education

The impact of enterprising activity on education is analysed in terms of student enrolment. The net increase of the student enrolment at school level in Gaighat was 26 percent, whereas that in Hadiya was 24 percent. The increase ratio was much higher among the micro-enterprising households than the non-beneficiary households in both sites. The students' enrolments into college also increased considerably by 33 and 17 percent in Gaighat and Hadiya respectively. These increases can be attributed to increase in the income out of their enterprising activities.

(ii) Women's position

The social and economic position of the women entrepreneurs has been raised since they have undertaken the enterprising activities. The women entrepreneurs have got their role in the household decision making and being able to expense on foods, clothing, children's education, etc. Seventeen and 11 entrepreneurs of the respective total entrepreneurs of Gaighat and Hadiya were the female operated enterprises.

(iii) Health

The entrepreneurs became capable of expending money for the treatment of illness in private clinic, which is often expensive than the public health services. The survey showed that about 84 percent of 32 entrepreneurs in Gaighat and 71 percent entrepreneurs in Hadiya visited private clinics despite there was district hospital for treatment of sickness.

(iv) Food consumption pattern

Food consumption pattern of the entrepreneurs has changed due to undertaking of the micro-enterprises. The proportion of consumption has increased considerably in all seven products including rice, dal, vegetables, meat/fish, milk, Dhindo, and bread in both sites.

(v) Drinking water

Due to lack of adequate tap drinking water in both sites, tube-well is considered best option for relatively safe source than other natural water sources like stone tap, well, river and pond. Except for community purpose, individual households must bear cost for installation of tube-wells for private use. In both sites, the number of the entrepreneurs with tube-well increased after the undertaking of enterprising activities, whilst the number of using natural taps, well and river/pond gradually decreased.

(vi) Sanitation

It is assumed that the use of toilets increases once the households' income increases. The number of entrepreneurs with toilets in both sites has increased, but with insignificant proportion; 37 percent of the entrepreneurs in Gaighat and 29 percent in Hadiya have built latrines.

(vii) Landholding ownership pattern

Landholding ownership is used to indicate social prestige in rural Nepal. To earn money is often meant to accumulate landholding. This is primarily for food security. This is evident from the largest proportion (24%) of the landless who bought land after the undertaking of the micro enterprises. Similarly, the entrepreneurs having landholding with 0.17 ha and below occupied second position (19%) in accumulating landholding size.

(viii) Income, expenditure and saving patterns

Among the 53 entrepreneurs, the largest number with 13 fell into the income group of Rs 2,000 - 3,000; while only 2 belonged to below Rs 1,000 (Table 4). Average monthly income of the Gaighat's entrepreneurs before and after undertaking of enterprises was Rs 4,627 and Rs 7,891 respectively. This signifies the increment of average monthly income by about 71 percent. In Hadiya, the income of the entrepreneurs before and after the undertaking of enterprises was Rs 3,538 and Rs 7,752; thus increased by 119 percent.

The *income* of the sample non-beneficiaries has also increased in both sites. The income of this group rose from Rs 2,974 to Rs 3,766, i.e. about 27 percent before and after the Programme intervention in Gaighat. Likewise, the average monthly income of the beneficiaries in Hadiya rose from Rs 3,000 to Rs 4,535 (51%) after the Programme intervention.

Table 4: Distribution of monthly income among the entrepreneurs

Income class	Gaighat	Hadiya	Total	
			No.	%
Below 1,000	1	1	2	3.8
1,000 - 2,000	3	5	8	15.1
2,000 - 3,000	10	3	13	24.5
3,000 - 4,000	7	3	10	18.9
4,000 - 5,000	3	3	6	11.3
5,000 - 6,000	3	5	8	15.1
Above 6,000	4	1	6	11.3
Total	31	21	53	100

Source: Field Survey, 2007

The *monthly expenditure* pattern has also changed considerably among the sample entrepreneurs. On the whole, the monthly average expenditure in Gaighat rose from Rs 3,569 to Rs 5,216 or by 46 percent after the programme intervention. In Hadiya, the expenditure increased from Rs 2,762 to Rs 4,338 or by 57 percent.

Expenditure pattern on four major stuffs such as foods, clothes, education and medicine is analysed. In Gaighat, about 46 percent of the entrepreneurs have spent on foods; next larger proportion was education, followed by clothes and medicine. Those spent Rs 500 and less per month accounted for about 83 percent, followed by other income groups like Rs 500-1,000, 1,000-2,000 and so on. In other words, as the monthly expenditure has increased the proportion of entrepreneurs has decreased. For instance, the entrepreneurs spending over Rs 6,000 represented only about 3 percent. In Hadiya, the distribution of expenditure among those four items was more or less the

same, with about 26 percent in all three items - foods, cloth and medicine and 21 percent on education. Like in Gaighat, similar expenditure pattern has been found between monthly expenditure groups by entrepreneurs in Hadiya. The entrepreneurs with spending monthly Rs 500 and below have shared the largest (51%) and followed by other income groups in descending order of proportion.

After undertaking of micro-enterprising activities, the average monthly *savings* of the entrepreneurs increased by about 50 percent in Gaighat and by 85 percent in Hadiya. Highest saving with about 19 percent entrepreneurs was fallen into the saving class of Rs 1,500 - 2,400 in Gaighat and that by about 48 percent of saving class of Rs 2,500 - 3,400 in Hadiya.

(ix) Accumulation of physical assets

Comfort living with modern amenities like television, cycles, land parcel for building, renovation of buildings, etc found to be acquired by the entrepreneurs with their increased income in Udayapur. Most of them have preferred items like cycle as major mode of transport for strengthening enterprising activities. Second important physical asset has been to build houses and purchase land parcel.

(x) Loan borrowing sources and payment

The entrepreneurs obtained loan from the credit agencies like Cottage and Small Industries, Self-Reliance Programme, Commercial Bank, FORWARD Programme, and private money lender in Gaighat, while those were Cottage and Small Industries, FORWARD Programme, Local Governance Programme and Mahuli Bikash Programme in Hadiya. For the entrepreneurs of both locations, Cottage and Small Industries remained to be the most demanding agency for micro credit and services; 34 and 57 percent of the entrepreneurs did so. In both cases, majority of the entrepreneurs have yet to pay back the loan; 65 percent in case of Gaighat and 83 percent of case of Hadiya.

(xi) Employment generation

The micro-enterprises have generated employment in addition to self employment. In Gaighat, 5 micro-enterprises have employed 12 employees, while in Hadiya, 2 micro-enterprises have employed 13 employees.

5.4 Problems

To support to the employment generation and income-raising, the Programme has provided services to strengthening the entrepreneurs by means of making available of skill training and enterprising development. The responses to such services of the Programme were preponderantly large.

Despite all these benefits and supports, the entrepreneurs have faced various problems in regard to their micro-enterprises. The most common problems included the lack of capital, need of equipment, low demand of their products, lack of marketing linkage,

low quality products, technical skills, and unavailability of mushroom seed at local market.

6. Conclusion and Recommendation

This study has analysed the impacts of the micro-enterprises supported by MEDEP on education, health and sanitation, income and employment, training services and problems.

After undertakings of the micro-enterprises based on local resources, the income level of the entrepreneurs in both sites - Gaighat and Hadiya has increased considerably. In addition to self-employment generation, few entrepreneurs have also employed labourers. As a consequence, the sample entrepreneurs have been able to accumulate physical assets like land parcels, cycles, land, television, construction and renovation of buildings, etc. Improvement in social condition of the entrepreneurs is seen in the forms of increasing enrollment of students at school and college levels, food consumption pattern, clothes, access to private health clinics etc. There has been less impact on using latrine, however.

Though micro-credit programme is one of the vital components to initiate and expand enterprising activities among the rural poor, credit service has not been adequately provided among the rural poor who really need it. Followings are recommendations to strengthen the programmes to help alleviate poverty in rural areas:

- The micro-enterprise programmes are found to be successful among the rural poor, and therefore such programmes need to be continued and the coverage should be expanded.
- Majority of the entrepreneurs have not built the latrines and none of the entrepreneurs have portable drinking water. Thus, improving health and sanitation is a crucial challenge among the rural entrepreneurs. MEDEP and other programmes should impart awareness programme among the people in the area in a continuous manner.
- Provision of access of the entrepreneurs to micro-credit facilities and to training on technical skills, market chain, rural urban linkages, etc by the Programmes like MEDEP should be continued and expanded the coverage.

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