

CHAPTER- I

INTRODUCTION

1.1 Background of the Study

Nepal is predominantly an agrarian economy with its contribution to Gross Domestic production (GDP) around 34 per cent and provides livelihood for about 66 per cent. While share of agriculture is decreasing with ever increasing service sector accounting 50 per cent of GDP, the industrial sector is stagnant at 16 per cent. Besides, Nepal is a landlocked country of 26.49 million people which possess both threats and opportunities for the trading. With its high population, the trade for consumption is significant yet due to landlockedness it is contributing to high cost economy for trade and production. Various factors like landlocked position, difficult terrain, and inadequate access to capital, weak infrastructure, weak policies, and old institutional set up, political instability give additional discomfort for the development of Nepal. While it has a lot of potentials to lead for prosperity. Still almost more than 74 per cent people depend upon agriculture to derive their livelihood by using primitive technology. The agriculture is taken as a mainstay of the economy (MOF, 2016).

In this scenario, Nepal has to face many challenges to achieve rapid economic development by breaking vicious circle of poverty. Agriculture is suffering from low productivity, small and subsistence farming, land fragmentation, use of primitive technology, low investment, poor input and output, market structure, decreasing numbers of farm worker and inadequate irrigation. Therefore, agriculture alone cannot achieve rapid and sustainable economic development of Nepal but it has high possibilities to get economic development by the process of industrialization if policies, problems, prospects and favorable environment are timely addressed. Nepal is rich in natural resources like water resources, mineral resources et cetera by which we can operate various types of industries based on available natural resources. In the context of Nepal, economic development is necessary which is possible through the industrialization process. Therefore, we can go through industrialization process making industrial environment for the development of Cottage and Small Scale Industry (CSI) and Large Scale Industry (LSI). But unfortunately, we have no

sufficient capital, modern technology for the LSI. CSI is highly possible to run than LSI due to the geological and geographical structure of Nepal.

The present status of industry shows that despite of various efforts made in the past for industrial development, the stark reality before us is that there has been no industrialization in the expected pace in the country. The contribution of industry sector in the gross domestic product could not reach even ten percent, which is a challenge before us. Economy of the country even today is excessively dependent upon traditional agricultural system and remittance. Though there is high potentiality of development of industries, the available resources, means and potentialities could not have been exploited due to lack of appropriate management capacity. This has resulted in non-use of available resources and raw materials and the country has been facing various problems such as extreme unemployment and semi-unemployment due to which, the workforce available in the country is compelled to resort to foreign employment at minimal wages. In the meantime, Nepal has become a member of the World Trade Organization and its connectivity with world market has expanded. Because of rapid industrialization and competition going on in neighboring countries, Nepali industries have to enhance productivity and demonstrate professional acumen taking into consideration the global competitiveness. Similarly, Nepali industries have to ensure quality of products, transparency in commercial transaction, regular studies of market trends and have to make extra efforts for capturing markets. Since there is no environment for protection of industries from governmental level, Nepali industries have to be promoted by way of activities for industrial promotion such as trainings, exchange of information, creating investment friendly atmosphere and industrial fairs. It is expected that from implementation of this new Policy, which has been prepared with timely review of the existing Policy, large scale industries will be established in the country and thereby, employment will be increased and with development of microenterprises, cottage and small industries, self-employment will be promoted, Nepali labour and skills will be utilized and pace of industrialization will be accelerated in the country.

Small Scale Industries have become an indispensable tool in bringing about a balanced, integrated socio economic order in the country. In a developing economy, they occupy a prominent position as they are capital scarce and labour intensive in nature. They have been assigned a significant role in the industrialization and

economic development of India as an effective tool in sub serving the national objective of growth with social justice. Its importance has been increasingly recognized in India as a solution for the problem of scarcity of capital and widespread unemployment and underemployment. The small scale industries are considered as harbingers of economic progress and responsible for transformation of the traditional economy into an industrial one. The large scale units fail to develop local resources and entrepreneurship. Further, they are structured in a highly centralized manner and this doesn't give scope for decentralization. The small and tiny sector has emerged as a dynamic and vibrant sector of the Indian economy. They act as a quick and convenient tool of carrying industrialization to the rural areas, potential to generate employment opportunities, less capital requirements, balanced industrial development, diffused ownership of industries, helping equitable distribution of income and wealth and contribution towards entrepreneurial promotion in the country. They have contributed substantially towards industrial growth in recent years. In fact, small scale sector in the country now accounts for over 55 percent of the total value of industrial production and contributes over 40 percent of the country's exports. In terms of employment, this sector provides self employment and wage employment to over 175 lakh people in 3 1.75 lakh units. The small scale industries have contributed over 100 la& entrepreneurs (MoF, 2016).

The employment generating capacity of small scale industries could be noted from the fact that in Nepal, rupees less than two lakh of investment in plant and machinery in this sector provides employment to less than nine persons, while in large scale units; the same amount of investment provides employment to only 4 persons (MoI, 2016). Nepal has a rich and glorious tradition in small industries. The fine textile fabrics of Nepal like Pashmina and Dhaka were known to the outside world as far back as 2000 B.C. There was also a well known non-textile group consisting of handicrafts of all sorts such as metal working, Khukuri, arms and shields manufacture, enameled jewellery, stone carrying gold and silver thread work etc. In regard not only to cotton textiles and light metals but also to iron manufacturing, Nepal had attained world fame.

Bhojpur is famous for Khukuri. Bhojpure Khokuri had been getting more importance for last period. It is also going to disappeared day by day. There was change in its uses techniques and purpose. Traditionally it is used for domestic use but nowadays it

is uses for gift and decorated materials. Khukuri industry is listed on cottage and small industry in Nepal, because that uses traditional skills and technology, the instruments and machinery based on local raw materials and associated with art and culture of the country.

1.1.1 History of Khukuri

Kukri is the now accepted spelling; “Khukuri” is the strict translation of the Nepali word. Either way Khukuri (kukri) itself is the renowned national weapon of Nepal and the Gurkhas, the Gurkha Knife. A Nepali boy is likely to have his own Khukuri (kukri) at the age of five or so and necessarily becomes skilful in its use long before his manhood. By the time a Gurkha joins the army, the Khukuri (kukri) has become a chopping extension of his dominant arm. This is important, because it is not the weight and edge of the weapon that make it so terrible at close quarters so much as the skilled technique of the stroke; it can claim to be almost impossible to parry. It is important to remember that the Khukuri (kukri) is a tool of all work, at home in the hills and on active service it will be used for cutting wood, hunting and skinning, opening tins, clearing undergrowth and any other chore. From this it is plain there can be no truth in the belief that a Gurkha must draw blood every time before he -may return the kukri to its sheath. The oldest known Khukuri (Kukri) appears to be one in the arsenal museum in Katmandu, which belonged to Raja Drabya Shah, King of Gorkha, in 1627. It is interesting to note that it is a broad, heavy blade. However it is certain that the origins of the Khukuri (kukri) go far further back. There is one tenable story that Alexander’s horsemen carried the “Machaira”, the cavalry sword of the ancient Macedonians, in the fourth century BC on his invasion of north-west India. Its relationship with the kukri is plain. A third century sculpture, of which only a much later Greek copy exists, shows what is probably a Scythian prisoner of war lying down his arms. The weapon looks amazingly like a modern Khukuri (kukri).

In 1767 Prithvi Narayan Shah, King of Gorkha, invaded the Nepal valley: In September 1768 Kathmandu surrendered and Prithwi Narayan became the first King of Nepal. That his troops defeated much larger forces must be credited at least in part to their unusual weapon, the Khukuri (kukri). It is reasonable to suppose that this was the beginning of the universal custom of Nepalese troops carrying the Khukuri (kukri), a custom that spread in time to Gurkhas serving in the British and Indian

Armies. It was carried also by many other hill units, regular and irregular: Assam Rifle Regiments, Burma Military Police, the Garhwal and Kumaon Regiments. In the Burma campaign of World War those British troops who did not carry a machete carried a Khukuri (kukri), and nowadays the Singapore Police Force also carry them. Most hill villages in earlier days would have a Smith (or Lohar of the Kami clan) who forged Khukuri (kukris) for the people: now there is a good deal of mass production, though the best are still made by skilled craftsmen. In World War II Gurkha recruits were issued with mass-produced government kukris but nearly all brought back their own from their first leave. Weight, balance and fit are crucially important.

The blades of ordinary kukris vary much in quality. Many are made perforce from inferior steel and cannot hold a sharp edge: Good ones are forged from railway track and old motor vehicle springs. The best are forged from the finest continental steel and can be of the highest quality, fluted and damascened. The scabbards are made of wood covered in leather with a protective metal cap over the point. Two pockets on the back holding a blunt steel for sharpening the blade or striking sparks from flint (the chakmak) and a little knife (the Karda) used for skinning small game or as a penknife, some also have a little purse for the flint.

Most handles are made of wood, often walnut or pat-pate (talaumahodgsoni). They are secured to the handle either by rivets through a two-piece hilt or by the tang inserted through a one-piece grip and riveted over the cap. In a good example the scabbard (dap) may be adorned with cloth-work or engraving and the hilt made of bone, ivory, horn or metal probably decorated.

Village workings Khukuris (kukris) are much coarser affairs, often with heavy wooden scabbards and comparatively clumsy blades. Piuthan in the west and Bhojpur in the east are well known centers of Khukuri (kukri) manufacture: Choosing examples from east to west and from the 18th Century onwards, we can see many styles and several types. The long, slender blade is characteristic of early work and of eastern Nepal; the shorter, round-bellied weapons are common later and in western districts: but there are exceptions to this rule.

There is no specific set of dimensions, but the standard length of service and general use kukris is twelve or thirteen inches. A Kothimora kukri may be any reasonable size

though many of the best are service length. The most impressive are the ceremonial and sacrificial blades. They must be capable of cutting cleaning through the powerful neck of a water buffalo. They tend to be twice the length and weight of a soldier's kukri with the hilt to fit a two-handed grip.

One interesting curiosity is the 'kukri-bayonet' for the old tower musket. There is a drawing in Percival London's book "Nepal", Volume 1 page 96, of a Nepalese Guard of Honor (of between 1813 & 1837) at the present, muskets complete with kukri-bayonets: But each soldier had his own fighting kukri in his belt. So clumsy a weapon must have been for ceremonial purposes only.

The notch (kaura) in the blade near the hilt arouses much interest. Although it may certainly act as a check to excessive blood on the hilt, and be used to catch and neutralize an enemy blade, it is essentially a Hindu religious and phallic symbol. There is a strong analogy with the hand-guard of the crusader sword, which protected the sword-hand but equally represented the Christian cross and was commonly used as the guarantee of an oath- the right hand being placed on the cross with such words as "by these hilts". Reference will later be made to myths but it is suitable to say here that the "Kaura" or notch is not an ingenious sight with which to aim an about to be thrown kukri. Except in desperation, as a man might hurl his empty rifles in a last defiance at the enemy; a Khukuri (kukri) is never thrown: the Gurkha prefers to keep it in his hand.

The religious significance of the kukri must not be forgotten. In 1948 Maharaja Padma Shamser Janga Bahadur Rana, Prime Minister and Supreme Commander of Nepal, wrote, "The Khukuri (Kukri) is the national as well as the religious weapon of the Gurkhas. It is incumbent on a Gurkha to carry it while awake and to place it under the pillow when retiring. As a religious weapon it is worshipped during the Dashain (the most important Hindu festival) and other times whenever any sacrifice is to be made.

In the Army Dashain is of the greatest importance: During it the regiment's arms are blessed, and goats and buffaloes are sacrificed in the process – not now in this country. At home in Nepal goats dedicated to various causes are dispatched and then proved and chosen experts ceremonially sacrifice a male buffalo in the name of the

regiment. The large kukri “Konra” (in the village) is used because the head must be cleanly severed with one blow. When that is achieved, which is nearly always, the blessing of the gods lies on the people for the ensuing year. If the stroke fails, leaving even so little as an inch of the dewlap uncut, bad luck will follow. It is custom the custom to honor the successful headsman with a “Pheta” (white turban) bound round his forehead, an honor much valued.

The Khukuri (kukri) has somehow produced a fertile crop of myths and legends in the western world; and the most impossibly wild amongst them are the most tenaciously believed. Two already mentioned are that a Khukuri (kukri) once drawn in whatever circumstances must taste blood before it is reheatd. Also that a Gurkha, if he possibly can, will take careful aim through the symbolic “kaura” or notch and then hurl the weapon like a boomerang, snick off the enemy’s head and casually snatch the kukri out of the air as it returns. If the first of these were true no Gurkha would survive to adulthood: He would lose pints of blood every day as he chopped wood, sharpened a wooden peg, opened a tin of beans and slashed down encroaching undergrowth. After each task he would have to shed some of his own blood. The second fails to stand the test of a little thought. Much as anyone would hate to be in the path of a flung Khukuri (kukri), one would hate much more to oppose one in the hand of an angry Gurkha.

Not very different is the story (set variously in China, Italy, Burma and the North West Frontier) of the Gurkha coming suddenly on the enemy soldier. Naturally he struck first – the decapitating blow. “Yah, missed!” said the enemy. “Try shaking your head,” came the reply. Finally a true story told by General Sir (later Field Marshal Viscount) W J Slim. “Early in his command of 14th Army he encouraged constant patrolling by all forward units. One Gurkha patrol on return presented themselves before their General, proudly opened a large basket, lifted from it three gory Japanese heads, and laid them on his table. They then politely offered him for his dinner the freshly caught fish which filled the rest of the basket.”Nepal, the Gurkha, and the Khukuri (Kukri): The three of them are inseparable in reputation, and the Gurkha Soldier keeps his kukri as he keeps his honor– bright and keen.

1.2 Statement of the Problem

Nepal remains one of the poor countries in the world. About 21.6 percent population lives below the poverty level and about 57 percent of the population are classified as economically active. Nepal's economy is dominated by agriculture with 76 percent of economically active people engaged in agriculture in 1998/99. Agriculture has the lowest value addition per worker. About one fourth of the industrial sector. The contribution of non-agriculture activities to the GDP is gradually increasing in recent years, while the contribution of agriculture to GDP has gone down to 38.3 percent in the 2015/16 from 48 percent in the year 2001/02 (MoF, 2016).

Economic development is a daunting task in Nepal given its limited resources, land-locked location, rugged terrain, and underdeveloped infrastructure. Over the last four decades, economic development efforts have yielded an average growth of four percent, which if discounted by the population growth rate of about 2.3 percent during the period, gives a per capita income growth of less than two percent per annum. Growth in the manufacturing sub-sector may be a little above this, but overall Nepal has experienced poor rates of economic growth.

Opening and liberalizing of the economy has increased the danger of being swamped by foreign imports. Currently, there is an unprecedented surge in imports into Nepal. While this is to be balanced against the opportunities that have also been created, the threats appear to outweigh the opportunities. For example, micro and small enterprises (MSEs) have been important players in the carpet, garment, Pashmina and handicraft sectors. Declining export opportunities in these subsectors have seriously affected the viability of the MSEs. Those immediately affected are the smaller units that cannot compete because of their limited access to resources and technology. Many state-owned industries in the last decade have been privatized or closed down. This has also affected the MSEs. However, privatization appears to have only benefited larger enterprises, because the closing down of state-owned enterprises has reduced economic activities and limited the markets for enterprises of all sizes.

Poor infrastructure in the form of limited road access, inadequate energy sources, and limited access to water and sanitation increases the cost of doing business in Nepal. These factors reduce the competitiveness of the MSEs. Conversely, the

underdeveloped infrastructure in the country has both acted as a big barrier and protected MSEs from external competition in many areas.

MSEs have to compete with the products of large-scale enterprises as well as with imported products. MSEs may have local markets, but once the imported products or services of larger enterprise flow in, these markets can disappear because many MSEs are unable to compete both in terms of price as well as quality. In other words, MSEs will survive and sustain only in those areas where they have cost advantages or the entry barriers for foreign firms are high.

Kukuri production plays a major role in the development and industrialization process of Bhojpur districts and their integration into Nepalese economy. Khukuri industries are the part of economy of the Bhojpur district. From ancient time it becomes a popular source of income and tourism. Being emerging income sources of people, government of Nepal has provided facilities and concession in custom tariff, excise, special facilities and concession for micro enterprises, special provisions relating to special economic zone etc. Apart from these facilities, exemption of income tax for the first ten years from the date of commencement of its transaction is given by the industrial policy to the established industries in the least developed region. Nevertheless, why more industries are registering in developed region by facing various problems. However, this study has tried to answer the following research questions:

- a) What is the present status of traditional Khukuri production industries in Bhojpur District of Nepal?
- b) What is the problems and prospects of Khukuri production industries in Bhojpur District of Nepal?

1.3 Objectives of the Study

The general objective of the study is to analyze the problems and prospects of the Khukuri production in Bhojpur district. The specific objectives of the study are:

- a) To analyse the present status of traditional Khukuri production industries in Bhojpur District of Nepal?
- b) To identify the problems and prospects of Khukuri production industries in Bhojpur District of Nepal?

1.4 Significance of the Study

This thesis: Traditional Cottage Industries of Nepal: A Study of Khukuri Industry in Bhojpur District is based in developing market context. It also examines how such firms engage in national and international trade and do so in a suitable manner through upgrading their activities. In the context of Bhojpur district, Khukuri industries are operating significant role in the process of localization of the industry by mobilizing local resources from which we can generate employment opportunity, reduce poverty.

This study emphasis various factors including firm specific issues such as the entrepreneur's risk perception as well as the specificities and dynamics of the local context within which firms operate, among various others limitations, which also play an important role in shaping firms and upgrading decisions. This study aims to be useful to governmental and non-governmental organization. Likewise, this study gives benefit to all those who are interested to know about it. It has made significance because this study identifies the problems and prospects of Khukuri industries and status of Khukuri industries in the Bhojpur district.

1.5 Limitations of the Study

The study is based on the secondary data obtained from the department of small and cottage industries of Bhojpur branch and the sample survey of Bhojpur district related to the Khukuri production industries. The study has following limitations:

- a. The study will be concentrate in Bhojpur district, to analyze current status of Khukuri production.
- b. The study will be based on limited number of firms while attempt will been given to make it representative.

1.6 Organization of the Study

The study has included five chapters where general background of the study, statement of the problem, objectives, significance and limitation and organization of the study and organization of the study are remained in first chapter. The second chapters include review of literature which focuses on theoretical and empirical studies of national level and international level. Chapter three includes discussion

about research methodology of this study. Research design, sample and population, methods of data collection and analysis are discussed in this chapter. Similarly, chapter four has included the problems and prospects of Khukuri Industry in Bhojpur municipality. Finally, summary, conclusion and recommendation are remains in chapter five.

CHAPTER- II

REVIEW OF LITERATURE

This chapter focuses on the review of literature. A literature review is a text of a scholarly paper, which includes the current knowledge including substantive findings, as well as theoretical and methodological contributions to a particular topic. Literature reviews are secondary sources, and do not report new or original experimental work. Most often associated with academic-oriented literature, such reviews are found in academic journals, and are not to be confused with book reviews that may also appear in the same publication. Literature reviews are a basis for research in nearly every academic field. A narrow-scope literature review may be included as part of a peer-reviewed journal article presenting new research, serving to situate the current study within the body of the relevant literature and to provide context for the reader. In such a case, the review usually precedes the methodology and results sections of the work. The review of literature provides the researcher the research gaps and theoretical insight. In this chapter an attempt has been made to review the related literature pertaining to the present study. The publication, books, research articles and reports on food processing industry have been found at macro and micro level. However literatures on case studies at micro level and on individual industries are scanty and inadequate. The present researcher has tried to provide some good insight into the growth dimensions and problems areas by reviewing some selected publications of traditional cottage and small industries. Selected theses and research papers have been reviewed here.

2.1 International Studies

Khandoker (1998) studied about the financing to small-scale and cottage Industries in Bangladesh reveal that in many cases credit is obtained from suppliers in the form of raw materials or from the buyers of the firm's output. The study demonstrated that about 70 per cent of the start-up cost in respect of small grocery stores was financed from the owner's savings and sales of other assets. Friends and relatives provided loans to the extent of 20 per cent on average, and the supplier's credit financed about 10 per cent of the start-up cost.

Marx (1987) suggests that the destruction of natural rural economy and consequently its economy began with the agricultural revolution -in the last quarter of the 15th century and most of the 16th century and is completed when the capitalist mode of production is introduced. The destruction of rural industry resulted in the separation of city and rural areas - manufacturing processes were developed in cities, and only activities pertaining to cultivation and livestock production remained in the rural areas. Thus, the separation between agriculture and manufacturing occurs. This separation, therefore, begins with the manufacturing process and is completed with capital production. It is thus possible to say that when capitalism is introduced in agriculture, it leads to the destruction of rural industry.

Graziano (1998) suggested that families that live in rural areas and are involved in activities that coexist with traditional farming have, on the average, an income that is 43 percent higher than farmers, who are exclusively involved in traditional agriculture. Although promotion of Small and Medium Enterprise (SME) development has been a stated objective of successive governments ever since Pakistan days, the broad macro policy regime has continued to remain biased against SME development in many ways. Allocation of public sector investments, trade policies and taxation policies in particular has mostly been anti-SME development in character and contents (ADB, 2002).

2.2 Nepalese Studies

Davides (1925) has defined that the Kukuri or Khukuri is Nepalese knife with an inwardly curved blade similar to a machete, used as both a tool and as a weapon in Nepal. Traditionally it was, and in many cases still is, the basic utility knife of the Nepalese people. It is a characteristics weapon of the Nepalese army, the Royal Gurkha Rifles of the Nepalese Army, the royal Gurkha Rifles of the British Army, the Assam Riflies, and all of Gorkha regiments throughout the world, so much so that some English – speakers refers to the weapon as a "Gorkha Blade" or " Gurkha Knife". The Khukuri often appears in Nepalese heraldry and is used in many traditional rituals such as weeding ceremonies. It does very little in asserting what separates the Khukuri from many other knives, be it a design element, construction process or particular use. The Khukuri perhaps the most famous member of a family of knives known as recurved blades. Recurved knives are typically single edged

blades, with a cutting edge that sweeps in and then out again in a vague S shape. This design has been developed independently in many different places worldwide with the actual feature of the recurved cutting edge being favoured for a multitude of reasons. A recurved blade allows for a longer overall cutting edge over a blade of the same length, this allows for more effective slashing and more devastating draw cuts. Examples of blades that use a recurved cutting edge for this reason include the German Flamberge and the Balinese Kris, both double edged recurve blades.

Hegan (1980) Scrolled that Nepal was united in 1768 by the Ghorkhali Army a force of hill people hailing from Ghorka led by Prithivi Naryan Shah, the first king of Nepal. These men were the first Ghurkha and wielded into battle the traditional utility knife of that region, the Khukuri. The courage of these men and the ease at which any peasant could be recruited and instantly use his formidable knife with great skill against a foe led the Ghorkhali army to overrun much of Northern India and even Burma. This caused great strain between Nepal and the British East India Trading Company, leading the British to declare war on the Ghorkhali army in 1814. During this time, the Nepalese forces fought with an honor and courage that the British hadn't expected and after the peace treaty was signed, many of these soldiered were permitted to join the British forces as Ghurkha mercenaries. As mercenaries, they fought for the British against the Indians in the Sepoy rebellion under Jung Bahadur in 1857. Over the next 150 years, the Ghurkha would be present in every major conflict and the majority of minor ones as well, earning a reputation throughout the world as being fearless, loyal and capable of enduring great hardship, such as the conditions faced at Ypres and Gallipoli, where they arrived earlier than the Anzacs, took the most ground and then took the risk of being the last to leave. All this time they spread the culture of Nepal throughout the world and traded Khukuris with the locals.

Adhikari (1995) explained that the very process of creating a traditional Nepalese Khukuri is a ritual in itself. Hand forged by a team of up to four Kamis (blacksmiths) out of recycled railway track and truck leaf springs, the high quality 5160 steel that results is amongst the toughest knife steels in the world. The blades are differentially hardened like a katana, but with a slightly different method. Instead of having clay applied to the blade, a skilled Kami will pour water onto the blade edge from a teapot. The blade gets harder where water touches, with more water meaning a harder area. This means that the knife can have a very hard and sharp cutting edge,

while retaining a flexible spine for durability. The blade is then narrowed into a thin, tapered tang and pushed into a block of rosewood or a slab of buffalo horn in such a way that it burns itself in tightly. The handle is then filed to shape by hand and a brass butt cap is hammered to shape and attached. The blade is then ground sharp with a grindstone made from Himalayan river sand and Laha, an adhesive sap coming from local trees and lightly polished. It is at this point that the blade is blessed, giving power to the symbolic ornamentation on the blade and making it a true Khukuri. This blessing ranges from a short phrase uttered before the knife is packed away, to a large ceremony where the Khukuris are piled up and blessed with blood cut from the fingers of the kamis that made the knives and a Ghurkha's blood for fighting spirit. For very high quality Khukuris like Royal kothimoras, these blessing are performed by a high priest.

Rai (1999) showed the difference a BhojpureKhukuri is fatter and heavier than the staanerd army knives. The blade is also made thicker to ease quicken the cutting action. Since it is basically a cutting knife it is kept/ made very simple. Bhojpure these days are the modernized version of its older counterparts. They have been better finished to give better look and appeal. A Bhojpure is an outstanding working knife that can be also be used in rough condition. It also makes an excellent and unique gift since the knife is historic, iconic and has religious values.

Kharel (2005) concluded that the terms cottage and small industries have differently by different sector. According to Industrial Enterprise Act 2048 and Industrial Enterprise Act 2057, "the traditional industries utilizing specific skill or local raw materials and resources, and labour intensive and related with national tradition, art and culture shall be named as cottage." The cottage industry is one which is carried on wholly or primarily with the help of the members of the family either as a whole or a part time occupation. Cottage industries are the oldest industries in Nepal. Mainly family member either as a part –time job operate these industries. In most cases, outside labourers are not employed in its and the productive work, hinges largely on the skill of the craftsman. Since cottage industries in rural areas are greatly associated with agriculture these are conducted many as a seasonal job. Small scale industries on the other hand are operated mainly with the help of outside labourers on the basis of with the capital investment ranging up to Rs. 3 crore is treated as small scale

industries. According to Industrial Enterprise Act 2048 and Industrial Enterprise Act 2057, “The industries with a fixed asset of up to an amount of thirty million rupees shall be named as small scale industries.” These are generally operated as a full time occupation generally in both rural and urban areas. Cloth weaving, blanket weaving, wood carving, making, curio goods making, oil pressing, dyeing and printing, Khukuri industries such as dairy milk, juice product and so on are some of the most important example of small industries in Nepal. The Industrial Policy (2011) has classified industries based on investment nature.

a) Micro Enterprises: For the purpose of this Policy, a micro enterprise means the enterprise having met the following conditions:-

- Where investment is up to two hundred thousand rupees as fixed capital except the house or land
- Where the entrepreneur himself/herself engaged in management
- Where there are up to nine workers including the entrepreneur
- Where the annual financial transaction is less than two million rupees, and
- If an instrument with engine is used, the electric motor or other oil engine capacity has to be less than ten kilowatt.

Even if the aforesaid conditions have been fulfilled, an enterprise that requires permission, liquors, beer, cigarette, biri, or other tobacco goods or materials shall not be deemed to be a micro enterprise. Moreover, if an enterprise registered once as micro enterprise is upgraded as other industry; such an industry shall not be listed as a micro enterprise.

b) Traditional and Other Cottage Industries: An industrial enterprise that uses traditional skills and technology, the instruments and machinery based on local raw materials and associated with art and culture of the country and that uses electric power up to 10kilowatts as referred to Hand looms, paddle looms, semi-automatic looms, fabric, wrapping; dyeing, printing, sewing (except readymade, garment) and weaving through traditional technology, Hand woven *Radi*, *pakhi*, carpet, *pashmina*, and dress, based on wool and silk, Filigree and ornamental items based on traditional crafts, Traditional sculpture, Handmade utensils and handicrafts made of copper, brass, *dhalot*, kaash, and German silver, Handmade goods made of

rural tanning/leather, Various handicraft items demonstrating traditional, culture, musical instruments, and arts, Decorative items made of wood, bone, horn, clay, stone, and artistic goods made from minerals etc.

- c) **Small Scale industries:** An industrial enterprise other than those of microenterprises and traditional and other cottage industries having the fixed assets of up to 50 million rupees.
- d) **Medium Scale Industries:** An industrial enterprise having the fixed assets more than fifty million to one hundred fifty million rupees.
- e) **Large scale Industries:** An industrial enterprise having the fixed assets of more than one hundred fifty million rupees.

Khanal (2013) concluded that Nepal is gradually going for the industrial development. There are many problems to run and establish small and cottage industry in Nepal. Such as unfavorable geographical condition, poor infrastructure development, lack of capital and new technology. Being agricultural country, Nepal cannot utilize the agro products as the raw material in the agro based industries. So there is necessary to provoke for its further development about the small and cottage industry in the study area. It is said that promoters are not only involved in small and cottage industry in this study area but also in other sectors. Most of the small and cottage industries have low capital investment ratio because of the lack of capital. And it is in constant position. The availability of local raw material is satisfactory than imported from far and far. As well demand of agro product goods is normal in market. On the one hand, there is lack of skills manpower and on the other hand; they are still in traditional technology. Furthermore, among the sampled small industries, 76 percent industries are providing job opportunities to less than 5 persons, lesser working time and salary are also not the same in that area. These workers, who are involved in Khukuri industry, are getting salary in subsistence level. That is why workers are compelled to live far from the modern facilities.

Adhikari (2013) explained that the cottage industries being labour oriented utilize less capital and provide more employment. Besides this, more important contribution of it is to provide the shifting or surplus labour from land which is being a burning problem in most of the less developed countries of SAARC countries. Adhikari in his study explains the problems and prospects of CSIs in Palpa District, some objectives

are to study the problems and prospects of labour employed in CSIs in Palpa District, analyze the problems and prospects of production and marketing of CSIs in Palpa District and investigate the problems and prospects of financial resources in CSIs. The study depends upon primary data. He used descriptive and analytical research design. He found out that labour employees in the CSI are selected from family related person and there is limited chance for free competition. It decreases the chance of skilled manpower which ultimately is harmful for entrepreneurs. Industries have started through limited financial resources and most of the entrepreneurs have taken loan from local money lenders which very conservative. Local raw materials are using but also promote the mass people. More than half industries earn more than Rs. 10,000 per month.

Bhattarai (2013) concluded that the CSIs play important role in upgrading the economic standard of the development of CSIs and release pressure of population on agriculture. It becomes a supplementary source of income to the farmers. They cannot be miserable during the crop failure. Since the CSIs are more labour intensive, more people get employment. His study has some objectives to analyze the problems faced the biscuit industries during the production process in the study area and examine the prospects of the industries and bring for the socio-economic status of the workers working on those industries. The study depends upon primary and secondary data. He used analytical and descriptive research design. He finds out that maximum labours employed in the CSIs are selected from family related person and there is limited chance for free competition. Higher percentages of entrepreneurs are investing their profit to promote the same industry. It shows that there are at least some incentives of profit and a large number of industries are running with profit. CSIs of the study area are using existing modern technology. But industries are suffering from limited market and skilled man power, price support facility is also the need of the CSIs of the study area.

Paudel (2013) explained that the small industries do not require large amount of capital, to some extent it can solve the problem of unemployment of the country. It can be started with local raw materials. Products can attract tourists as well. It fulfills the local demand. His study used on specially two objectives are to identify the current situation of CSIs in the study area and study the effect of CSIs on

employment, education and health in study area. The study depends upon primary as well as secondary data. He used descriptive and analytical research design. He concluded that only few female labours are involved in the CSIs of the study area. The labour who engaged in the CSIs of the study area, all of the labours check up their health from the government hospital. The main problem is that most of the labours are working more than 8 hours and another problem of CSIs of the male and female salary discrimination.

Ghimire (2014) concluded that the cottage industry is a sector to generate national income in under developed countries which contributed significantly to the progress of economic development. He explains the situation of CSIs in Dharan Municipality, has some objectives which are to study the problems and prospects of labour employed in CSIs, analyze the problems and prospects of production and marketing of CSIs and suggest recommendations for the enhancement or promotion of such industries.

The study depends upon both primary and secondary data where primary data are collected through questionnaire and secondary data are obtained from CSIDB, FINCCI, CBS and DCSI. He used descriptive and analytical research design where included data from 1990 to 2006 of DCSI. He found out that 39 percent are employed of the study area. 44 percent industries are financed from bank and financial institution and remaining 56 percent are financed from local money lenders and other. 56 percent CSIs use raw materials from local source. 44 percent of productions of CSIs are affected by limited market, 26 percent of productions of CSIs are affected by unskilled manpower and remaining is affected by other problems. 48 percent entrepreneurs are highly educated, 41 percent have secondary, 7 percent are literate and 4 percent have primary level education.

CHAPTER- III

RESEARCH METHODOLOGY

This chapter provides brief discussion about methodology adopted in this study. It highlights the tools for data collection, data collection process and method of analysis.

3.1 Research Design

According to the purpose of the study, the research design has based on the descriptive as well as analytical framework. This research design has involved the systematic collection, presentation of data and analysis of the data.

3.2 Nature and Sources of Data

This study has used both primary and secondary data. The primary data are collected through field survey, structured questionnaire method and secondary data are collected from various published as well as unpublished sources such as book-let, books, journals, magazines, dissertation, and articles. Both qualitative and quantitative nature of data is used to generate and analyze the objective of the study.

3.3 Population and Sample

The sampling process is based on the objective of the study. Bhojpur district is the study area of this study. In FY 2015/16, 355 Cottage and Small Industries are registered in Bhojpur district. Among them, 113 Production-Oriented Industries, 1 Energy-Oriented Industries, 89 Tourism Industries, 79 Agro and Forest based Industries and 73 Services Industries are remained.

The Production-Oriented Industry is such industry where almost more than 70 types of industries are included in the category of Cottage and Small Industry. Therefore, this study has taken Khukuri Industry to meet the objective of the study and 50 metal craft industries are registered. To represent the elements of universe, random sampling is taken. 30 households who are engaged in producing Khukuri are selected in the Bhojpur district for the representativeness of sample. The sample was drawn using simple random sampling. Lottery method was applied and sampling frame was

prepared from the information booklet published by Ministry of Industries, Government of Nepal. The sample households were distributed among the two municipalities and seven rural municipalities.

3.4 Instruments of Data Collection

The interview method is used to collect required data through structured questionnaire and field observation. Specially, the questionnaire has focused on the aspect of finance, raw materials, electricity, and market condition to find out information about Khukuri Industry of Bhojpur.

3.5 Field Survey

The study was enumerated by the researcher itself at Bhojpur district in 2017 taking time period almost 6 months to collect information about Khukuri Production through structured questionnaire, face to face interview with respondents where respondents were owners, staffs and employees as well. Almost all interviewees were provide information but they were not provide sufficient information of questionnaire in case of finance relating to income, expenditure, loan, size of capital; human resources relating to the education; relating to the prospects of their industry.

3.6 Tools and Method of Data Analysis

To achieve the stated objectives of the research different statistical tools and methods of analysis are used. The collected data are analyzed and interpret carefully to make validity, reliability in a systematic way and the data are transformed into information. The statistical tools like tables, graphs, percentages are used to analyze the data. The tables are used by editing, coding, tabulating, organizing the data. The quantitative data are presented in terms of percentage and qualitative data are analyzed by descriptive way.

CHAPTER-IV

PRESENTATION AND ANALYSIS OF DATA

4.1 Introduction of the Study Area

Situated in the eastern region of Nepal, Bhojpur district has its headquarters at Bhojpur bazaar. Surrounded by Dhankuta and Sankhuwasabha in the east, Solukhumbu and Khotang in the west, Solukhumbu and Sankhuwasabha in the north and Udaypur in the south, there are many places with high significance in Bhojpur district. There are 2 municipalities and 7 rural municipalities. The major rivers flowing through the district are Arun, Sunkoshi, Shankhuwa, Pikhwa, Chirkhuwa, Bukhimand and Aduwakhola. The people living in the district mostly belong to the Nepali, Rai, Magar, Tamang, Brahmin, Chhetri, Newar, Gurung, Tharu and Limbu community.

The capital of Kirat kingdom in the past, Hatuwagadhi was known as Majh Kirant before the unification of Nepal by Shah Kings. Situated at 30 km south of the district headquarters (Bhojpurbazar) in Hatuwagadhi Rural Municipality, the place has great historical significance. The ruins of the ancient capital and forts that still exists at Hatuwagadhi are of great archaeological, architectural and historical significance. Also, the place is attractive for the natural beauty and the unique landscape with the panoramic views of Himalayas, green hills, rivers, deep gorges and valleys. Besides its archaeological and natural heritages, the place is also rich with the unique cultural practices of the people living in here and nearby.

Another interesting and attractive place in Bhojpur district is the place named Golma Raja Golma Rani which is famous for its unique natural setting. The place also has a myth associated with it which says that in the ancient times, the entire marriage procession of King Golma had disappeared when it reached this place, giving the name to the place after the king. Interestingly, the images similar to that of the procession can still be seen in the stone cliff.

Besides these, other major attractions of the district includes Chhinamamako, Bhojpur, Dingla, Taksari, Tyamke with the Himalayas like Chamlang and Sabane

Khampalung along with the lakes and ponds like Salpa Pokhari, Kala Pokhari, Hansa Pokhari, Panchakanya Pokhari, Chirkuwa Khola and Teen Chhanga Jugu Bokhim.

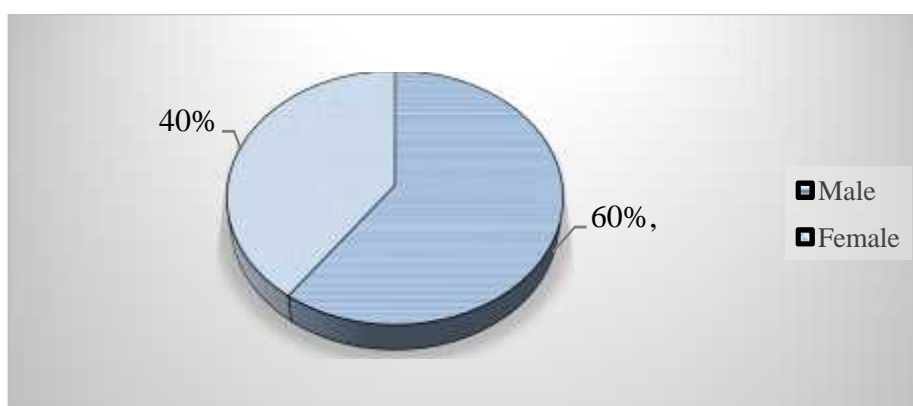
4.2. Features of Sample Households

The socio economic features of the sample households are stated in the following sections.

4.2.1 Sex Distribution

Out of total 30 respondents 40 % were female and 60% were male. Here this gender distribution also represents the head of household also. This shows that most of the households head are male.

Figure 4.1: Sex Distribution of Respondents

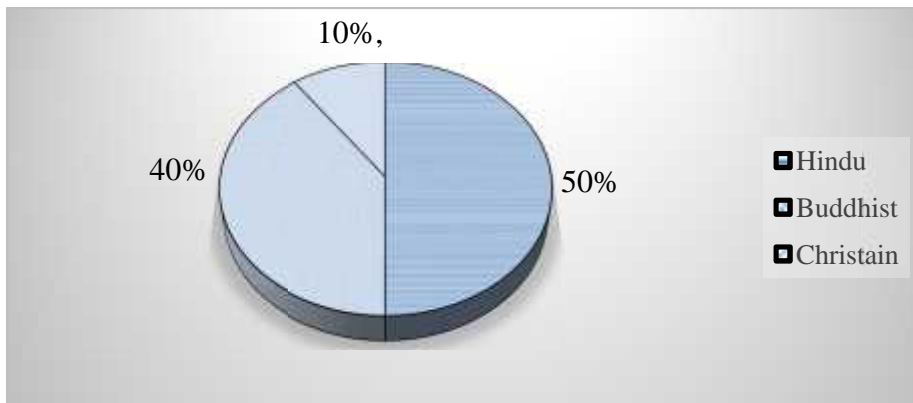


Source: Field Survey, 2017

4.2.2 Religion Practiced

Of the total sample household number 30, major religion practiced is Hinduism. About 50 percent households are Hindus. Buddhism (40 percent) and Christians (10 percent) are on same proportion as shown as in the Figure 4.2.

Figure 4.2. Religion Practiced



Source: Field Survey, 2017

4.2.3 Education level of Respondents

At the time of field survey, respondents are found of different academic qualifications. Most of respondents (60%) are illiterate and they have got primary level education only followed by secondary level education.

Table 4.1: Education Level of Respondents

Education Level	Frequency	Percent
Illiterate	18	60.0
Primary level	3	10.0
Secondary Level	4	13.3
Higher Secondary Level	3	10.0
Bachelor and above	2	6.7
Total	30	100

Source: Field Survey, 2017

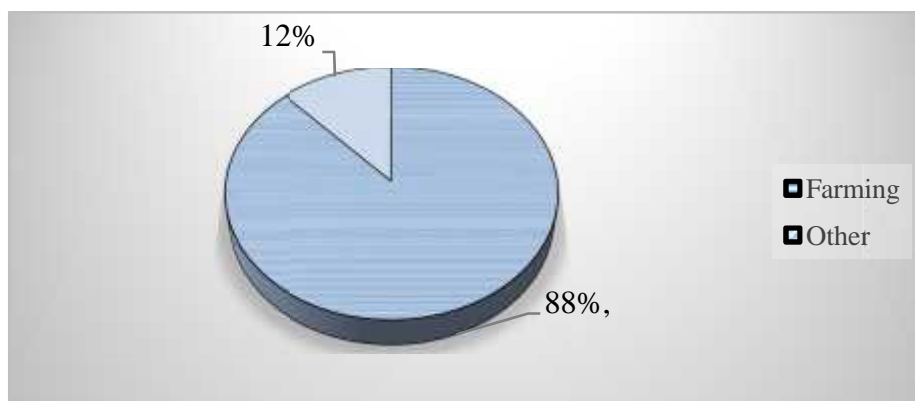
From Table 4.2.3.1 it is found that during field survey it is found that 60 percent respondents are illiterate and 10 percent, 13.3 percent, 10 and 6.7 percent of the respondents have got primary, secondary higher secondary level education and bachelor and above respectively.

4.2.4 Main Occupation of Households

Large numbers of households in the survey area are found engaged in subsistence type of agriculture like farming, livestock, except orange farming. 88 percent of them said they rely on agricultural farming for the major source of their income, and only 12 percent households have been found doing other type of income generation

activities like services, self-business, foreign employment etc. The proportion of households according to their major occupation is shown in Figure 4.3.

Figure 4.3 Main Occupation



Source: Field Survey, 2017

4.2.5 Household Size Distribution

The total number of household members in the survey households is 267 with average household members 5.12 which comes to be higher than the average household size of Nepal 4.88. The household size ranges from minimum of 2 members to maximum 12 members with standard deviation of 2 members.

Table 4.2: Number of Family Members

Household Members	Number	Percentage
1-3	3	13.73
3-5	14	54.90
5 and above	13	31.37
Total	30	100

Source: Field Survey, 2017

Maximum numbers of households have members 3 to five per household. About 14 percent houses have the family size less than three members. And about 32 percent households contain their family size more than 5 members with maximum 12 members.

4.3. Present Status of Khukuri Industry in Bhojpur District

Bhojpur bazaar is famous for its metalwork, particularly Khukuri knives, it is home to many Newar businessmen as well as skilled Newar craftsmen. Other major towns in the district include Dingla to the north, Ghoretar to the south, and Taksar near the airstrip, from where flights connect to Biratnagar and Kathmandu. The Khukuri is a Nepalese knife with an inwardly curved blade, similar to a machete, used as both a tool and as a weapon in Nepal. Traditionally it was, and in many cases still is, the utility knife of the Nepalese people. The Khukuri often appears in Nepalese heraldry and is used in traditional rituals such as wedding ceremonies. Among the oldest existing kukri are those belonging to Drabya Shah, the kukri came to be known to the Western world when the East India Company came into conflict with the growing Gorkha Kingdom, culminating in the Gurkha War of 1814–1816. It gained literary attention in the 1897 novel *Dracula* by Irish author Bram Stoker, all Gurkha troops are issued with two kukri, a Service No.1 and a Service No.2, in modern times members of the Brigade of Gurkhas receive training in its use. The weapon gained fame in the Gurkha War and its use through both World War I and World War II enhanced its reputation among both Allied troops and enemy forces. Its acclaim was demonstrated in North Africa by one unit's situation report and it reads, Enemy losses, ten killed, ours nil. Elsewhere during the Second World War, the Khukuri was purchased and used by other British, Commonwealth and US troops training in India, including the Chindits, the notion of the Gurkha with his Khukuri carried on through to the Falklands War.

The shape varies a great deal from being quite straight to highly curved with angled or smooth spines, there are substantial variations in dimensions and blade thickness depending on intended tasks as well as the region of origin and the smith that produced it. As a general guide the spines vary from 5–10 mm at the handle, a Khukuri designed for general purpose is commonly 40–45 cm in overall length and weighs approximately 450–900 grams. Larger examples are impractical for use and are rarely found except in collections or as ceremonial weapons. Smaller ones are of limited utility, but very easy to carry. Another factor that affects its weight and balance is the construction of the blade, to reduce weight while keeping strength the blade might be hollow forged, or a fuller is created. Khukuris are made several different types of fuller including, tin chira, dui chira, angkhola.

There are 50 households in Bhojpur district who are engaging Khukuri Production. Out of them 30 households are randomly selected. In the following sections the present status of Khukuri industries from the sample survey is presented.

4.3.1. Households Engaged in Khukuri Production

The sample was collected from the Bhojpur. The table shows the number of households who are engaged in Khukuri Production.

Table 4.3 Distribution of Sample Households in Khukuri Production

Name of Municipalities and Rural Municipalities	Number of Households	Percentage	Sample Households
Bhojpur Municipality	12	57.14 %	7
Shadanand Municipality	9	42.86 %	5
Total	21	100%	12
Hatuwagdhi Rural Municipality	5	17.25%	3
Ram Prasad Rai Rural Municipality	9	31.04%	5
Amchok Rural Municipality	3	10.34%	2
Tyamke Maiyunm Rural Municipality	5	17.25%	3
Arun Rural Municipality	4	13.79%	3
Pauwadhungma Rural Municipality	2	6.89%	1
Salpasilichho Rural Municipality	1	3.44%	1
Total	29	100%	18
Grand Total	50	100%	30

Source: Field Survey 2018

The table shows that the household engaged in Khukuri production in the study area is less in municipality i.e. 42% and high in rural municipality i.e. 58%.

4.3.2 Sources of Raw material in Khukuri Industry

For the production of Khukuri different kinds of raw materials are required. The main raw materials are the iron, animal skin, animal horn and wood. The iron is purchased from other places but other raw materials are obtained from the different parts of Bhojpur districts and neighboring districts. The table 4.4 shows the places where they are getting raw materials.

Table 4.4 Sources of Raw Material

S.N	Raw material	Imported from
1	Iron	Local and Dharan
2	Charcoal/coal	Local/Dharan
3	Pittal	Dharan
4	Animal Skin/Horn	Local
5	Wood	Local

Source: Field Survey 2018

4.3.3 Income and Employment in Khukuri Industry

The table 4.5 and 4.6 shows the income employment situation of the selected household who are engaged in Khukuri production. The table 4.5 shows the income status of the households in Khukuri Industry in Bhojpur. The yearly income of the households ranges from Rs. 50000 to 500000. There are 4 households that are getting less than Rs.100000 as monthly income where as there are 5 households that are getting monthly income of Rs. 500000 and above.

Table 4.5 Income from Khukuri Production

Income (yearly)	Number of Households
Less than Rs. 100000	4
Rs.100000-200000	6
Rs. 200000- 300000	3
Rs.300000-400000	5
Rs.400000-500000	7
More than Rs.500000	5
Total	30

The table 4.6 shows the present status employment of the sampled household who are engaged in Khukuri production. It is found that most of the household use their family members in Khukuri production. The number of labourer employed in Khukuri

production ranges from 2 to 7. There are 5 households that uses only two workers in Khukuri production where as there are only 3 households that uses 7 workers in Khukuri industry.

Table 4.6 Employment Households in Khukuri Production

Number of Workers	Number of Households
2	5
3	6
4	6
5	3
6	7
7	3
Total	30

Source: Field Survey 2018

4.3.4 Types and prices of Khukuri

There are different types of Khukuri produced in Bhojpur. There are as much as 35 types of Khukuri in Bhojpur. Among them Buduna, Banspate, Sirupate, Afgani, Chitlange, Deradune are the major brands. The prices of Khukuri depends on the size, material and design. It is found that its prices range from Rs. 300 to Rs. 10,000.

4.3.5 Market Condition of Khukuri Industry

The produced Khukuri are sold from the market. Mostly the Khukuri are sold in Kathmandu, Okhaldhunga, Dharan, Khandbari, Solu and abroad countries like India, Britain, USA and gulf countries. Now a days the Khukuri are sold online also.

4.4. Problems and Prospects of the Khukuri Industries in Bhojpur District

The main problems of the traditional Khukuri industries are as below:

4.4.1 Problems of Khukuri Industries

According to Poudel(2017) Nepali knife and the national weapon, more than 55 Khukuri industries in this district have been closed down. Bhojpur is known for Khukuris. The district administration office prohibited the sale of the traditional

weapon suspecting that the Maoist rebels could use them. The office restricted the transaction of the knife by issuing a public notice some three months ago.

Although there was some sporadic increase in the sale of Khukuri during the cease-fire period, 16 Khukuri industries were closed down after the Maoists unilaterally broke down the truce.

After the administration imposed a ban on the sale of the weapon, 40 industries have been closed. Traditionally, Khukuri industry is owned by the Bishwokarmas and it is the prime source of their income. The prohibition has badly hit the economy of the Bishwokarmas. Amrit Bishworkarma, who has been producing Khukuri for the past 20 years in Bhojpur Municipality-04, says that he stopped the production after the administration put a ban on the sale.

Chandra Bahadur Bishworkarma from Bhojpur Municipality-04, some six-kilometre west to the district headquarters, was in the business for 30 years. He used to produce 5 to 10 'Budhune' brand of Khukuri daily, but he too has ceased producing them now. Besides the ban on the sale of the weapon, it is the restriction on the import of iron that has led the industry to the closure, he added. Raw material for making Khukuri and other items are imported from Terai area. "The security forces do not allow to import iron including other goods," he added. Khukuri of Bhojpur are sold not only within the bounds of the country, but in the international markets as well. Their prices range from Rs 400 to 10,000. Tej Moktan, president of Bhojpur Chamber of Commerce and Industry, says that there has been massive decline in the sale of Khukuri as the local administration put a ban on its sale. He also said that the Khukuri made in Dharan and Biratnagar are sold with the brand name of Bhojpure Khukuri and this malpractice has also pushed the sale of the genuine Bhojpure Khukuris, he further said. As the spurious Khukuris are cheaper, customers prefer to buy the low priced ones, he said.

Sometimes the security forces buy a few Khukuris, but the civilians have completely stopped buying the weapon, says Hira Lal Shrestha who is dealing in Bhojpure Khukuri for a decade. Shrestha said that he used to export the Khukuri to Canada, Hong Kong, United States, Singapore and the United Kingdom.

"The demand of Bhojpure Khukuri is still unabated, but they cannot be exported due to the security condition of the country," he added. "There is a rapid decrease in the number of blacksmiths in Nepal yearly because many young family members are pursuing a higher education. This means that they are leaving the traditional work of blacksmithing in hopes of a better more productive future. Also, the need of blacksmiths is decreasing. In regions located close to city centers farmers who make enough money are able to go into the closest hardware store and acquire new equipment (Raja, personal communication, 2017).

Last but not least blacksmiths have had to confront the social issue of the Hindu caste system. The Hindu caste system is divided into 4 main classes, however, it is theorized that it is divided into over three thousand castes based upon occupation. Blacksmiths are located at the bottom of the caste system formally named as the Dalit's. A Dalit, often referred to Schedule caste or the untouchables, and are considered ritually impure (Gold, 2014). Many of the higher castes avoid business with the Dalit's because it is believed that they will share this impurity. This prevents blacksmiths from creating business with local hardware stores or gaining the communities respect and support to create their own profitable business.

The researchers have identified some problems faced the sampled enterprises and entrepreneurs. The problems can be classified into production and marketing. The problems are as follows:

- i) Weakness remains due to the lack of financial and institutional support, instability of market demand, a decline in the availability of quality raw materials, lack of skill and managerial capability. Sometimes the owners cannot expand their business because for the lack of capital.
- ii) In Nepal, Khukuri is not produced commercially. The country has to import good quality raw material from outside, which raises the price of Khukuri. The price of Khukuri, oil and other raw material used in production are gradually increasing day by day. For this reason entrepreneurs are leaving their existing business.
- iii) It is difficult or impossible to run a business like Khukuri industries without having at least basic education. The higher educated people are not interested in

this business. As a result they have become habituated in producing old and obsolete model production.

- iv) The labors do their job in different level of production such as Khukuri production, making structure and giving the finishing touch. Due to this low wage, many labors are switching on to other job
- v) Actually Khukuri is not popular all classes of people. Due to low demand and high cost most of the producers can't achieve with their target sale and profit. As a result day by day they become de-motivated to carry on this business.
- vi) Moreover, there is always addition of technologies in different stages of production of Khukuri in the world. But the entrepreneurs are not exposed to state-of-the-art technologies required to improve their production
- vii) Availability of substitutes is a top-level threat to Khukuri. Substitutes made by low grade iron are sold comparatively at lower cost; as a result, many customers move towards those of cheap Khukuris.
- viii) Other problems include lack in consistent supply of raw material, higher cost of raw material collection and processing; and increasing utility payments.
- ix) One of the important constraints for the growth of handicraft sector is the lack of organized market sector, as no attention is paid towards this aspect, which performs leading role in the sustainable growth of any sector.
- x) Inefficient skilled labour is another challenge.
- xi) Inadequate power supply and raw material which is the pre-request for this handicraft is one of the burning problems of this sector.
- xii) Restrictive adaptation of the modern sophisticated technology is an obstacle in improving the quality of handicrafts, the use of which is necessary to reduce the imported goods.
- xiii) Finance is a key input of production, distribution and development. But considering the vital role, finance plays in accelerating the process of small scale industries development, the total amount of loan sanctioned to it forms a very

insignificant part of the total loan to Indian Industry because of inadequate credit of the viability of the unit is affected greatly and its result in their sickness and ultimate closure.

4.4.2 Prospectus of the Khukuri Industries

Prospects of Khukuri Industries in Bhojpur District of Nepal can be stated as below.

- i) **Labour Intensive:** The Khukuri industries are traditional cottage industries. The small- scale industries are labor intensive. They will provide more employment opportunities to the local rural communities. It will also help in solving the unemployment problems in the region.
- ii) **Low Capital Investment:** Small- scale industries can be setup even with lower capital investment as compared to large- scale industries. As capital is scarce in this region, small- scale industries are the feasible option for this region.
- iii) **Quick Return:** In case of small- scale industries, there is less time gap between capital investment and production of goods. Thus, it brings quick return to the entrepreneur.
- iv) **Reduction of Pressure on Land:** People of this region excessively depend on agriculture. The development of small- scale industries will help in diverting the excess workforce to this sector.
- v) **Development of Entrepreneurial Skill:** The development of this sector will result in change of attitude of people of this region. People will develop an entrepreneurial skill, which will help in identifying new areas of investment. This will help in the economic development of the region.

4.4.3 Challenges to Khukuri Industries

i) Artisans working in rural areas are affected by factors not relevant to their urban counterparts. Whereas urban-based artisan industries employ significant numbers of both men and women on a full-time basis, rural-based artisans tend to work part-time in the home. This has both positive and negative potential implications. On the positive side, handicraft employment can complement agricultural labour, without necessitating migration. In Thailand, for example, where rural farmers produce the majority of wicker crafts, crafts sales represent 35 percent of total household income. As many as 75 percent of Thai weavers work seasonally as farm labourers, while 74 percent of woodcarvers work in agriculture and 66 percent of bamboo artisans farm as well (Pye, 1988). On the negative side, this creates a potential conflict of time between subsistence production and handicraft work for cash.

ii) Access to resources

A particularly sensitive issue relates to the access and utilization of natural resources for raw materials - who ought to be allowed access, for what purpose and to what extent. The rural setting for most handicraft production has important implications for forestry policy. The complex issues of land tenure and access to raw materials such as wood and rattan require sensitive, balanced solutions if the needs of crafts producers are to be met. The perspective of villagers accustomed to access defined by complex traditional precedents is often at odds with recent federal laws aimed at resource protection. Furthermore, some of the new laws appear to conflict with one another, further confusing the villagers (Weinstock and Sunito, 1989).

Recent studies on indigenous peoples and the impact of their traditional lifestyles on tropical forests appear to indicate that crafts development represents a constructive alternative to destructive land-use practices. A nonagricultural, settled life-style in which handicraft traditions are cultivated seems to hold potential for improving rural village livelihood, on a sustainable basis (Kerr, 1990). As studies continue to examine how traditional people interact with their environment - often more sensitively than was once supposed policies which attempt constructively to conserve useful traditions should emerge (Peluso, 1989).

Institutional support in the procurement of raw materials can be of great use to artisans (FAO, 1987). However, a caveat is also appropriate; wherever a small supplier would suffice, it may be preferable to government intervention, owing to the tendency of bureaucratic supply agencies to turn into unfair monopolies (Pye, 1988).

iii) Design

A sensitive approach to design is crucial balancing aspects of traditional motifs, patterns, and products with knowledge of the market place. A surprisingly small percentage of crafts entrepreneurs and producers are involved in product design and development (Pye, 1988); however, some development and training programmes have incorporated a design component. As the export market in handicrafts represents the highest earnings potential for artisans, knowledge of the marketplace is crucial, yet the Western marketplace is alien territory to most artisans. Of critical concern is the accessibility of market opportunities and any subsidized marketing programmes. Craft cooperatives, organized as a central buying exchange where many tiny producers can combine to satisfy large orders, are often useful.

Once a group of artisans successfully penetrates the export market, the tale is not over. Market success can mean the development of an important activity, with hundreds of people dependent on the sale of the handicrafts. The international market can be heartlessly fickle; demand for a product can disappear rapidly. Therefore, new applications, adaptations,

approaches and markets must be continually sought. In many developing countries, policy is beginning to reflect the potential positive outputs which limited, well-managed eco-tourism can bring in the context of conservation. One particularly promising source of development potential may be found in what is known as "cultural tourism" (Weir and Manan, 1989). This approach links tourist attractions to the culture of the indigenous peoples: colourful ceremonial celebrations; exotic dances and music; and intriguing ethnic arts and crafts.

4.4.4 Importance of the Khukuri Industries in Bhojpur District

There has been a continuous step taken on small scale and cottage industries after the restoration of democracy through industrial policy of Nepal. Different incentives have also been given for the development of these industries. An employment opportunity by employing less capital our country has more of laborers but less of capital. So if small scale industries are developed, it will help our country to use more laborers and less capital.

a) Equitable Distribution of National Income

Development of small scale and cottage industries help us to distribute national income in equal manner. Large scale industries are under the ownership of a few industrialists, but development of small scale industries leads to a large number of industrialists. A large number of labourers are employed in small scale industries in comparison to large scale industries. It means the production of small scale industries are distributed among a large number of people. So small scale industries help in equal distribution of national income.

b) Elimination of Regional Disparity

Large scale industries like iron and steel and heavy industries cannot be established throughout the country. So if large scale industries are opened, these are confined to a few areas and other areas are deprived of industrialization which leads to regional disparity. But small scale industries can be established in large quantities in different areas which will help those areas of the country to industrialize and help to reduce regional disparity from industrial development point of view.

c) Utilization of Locally Available Resources

It has been stated that small scale and cottage industries can be established throughout the region. These types of industries will help to use the locally available resources. It

can also use the local entrepreneurs. These types of industries are able to keep the traditional art and culture and use the locally available labourers and raw-materials. It is suitable to use locally available resources through small scale industries and cottage industries.

CHAPTER-V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1. Summary

Khukuri is the important and historical produce of Nepal. The study reveals that the demand of this product is low in market. Awareness should be created among the people in favor of Khukuri-based cottage industry and their products. In this case mass media can play prime role. Department of Small and Cottage Industries and other organizations can arrange trade fairs for these products throughout the country to develop and expand a local market. For better production Khukuri need skilled labor. Due to high labor cost price is increased. Though, it is the part of small and cottage industry, illiterate people can be involved in production. Government also can establish separate institute to carry research, training for the workers both men and women on various aspects of product development. The major findings of the study are:

- i) All the Khukuri industries are operated sole ownership business.
- ii) There is lack of capital in these sectors.
- iii) Lack of entrepreneurial ability among the entrepreneurs of these industries.
- iv) Shortage of manpower in a cottage industry engaged in either manufacturing or servicing, generally run either full-time or part-time by family members.
- v) It cannot achieve economies of scale as it is run as a small scale basis.
- vi) They are producing only limited products and again the demand for some products varies with several factors. This is also limiting their production.
- vii) Most of the labourers are unskilled, some of them are semiskilled and a very few of them are skilled. So there is inefficiency in the production of goods as still today most of the people working or related to this kind of profession do not get training facilities either from GOs or from NGOs in Nepal.
- vii) Unavailability of raw materials and skilled workers are the main problems of the Khukuri industries.

- viii) Due to low demand and high cost most of the producers can't achieve with their target sale and profit. As a result day by day they become de-motivated to carry on this business.
- ix) It will also help in solving the unemployment problems in the region.
- x) As capital is scarce in this region, small- scale industries are the feasible option for this region.

5.2. Conclusion

Khukuri is traditional, antique and beautiful product of cottage industry. The possibilities of Khukuri are endless. But because of various constraints, this industry is not flourishing at a desired pace. In spite of some advantages and disadvantages of this industry has a number of desirable attributes of appropriateness in the context of prevailing socioeconomic conditions of the country. If the concerned authorities take necessary steps to solve the problems relating to the production of Khukuri and ensure the best use of present opportunity then this industry will be the weapon for earning foreign currency, creating employment opportunity and developing socioeconomic condition of Nepali people specially in the study area. For the sustainable growth of the handicraft industry advertisement both at national and international level should be undertaken publicity, exhibition, printing of brochures and participation in fairs will help in boosting this traditional industry.

5.3 Recommendations

Handicrafts are the matchless appearance of our society and way of life. A hefty crowd of population is directly or indirectly depends upon handicrafts for their livelihood. It generates employment and foreign exchange earnings which are vital for economic growth and upliftment of the rural economy. The dynamic factors which determine the growth and decline of craft need to be understood from a total livelihood perspective and not a narrow economic perspective alone. In order to optimal exploration of this handmade Khukuri industry Government should provide both incentives and assistance. Both state and central Government must take step to increase the wages and improve the working conditions of the artisans and others who are involved in this handmade industry.

- i) Government should set up well organized handicraft marketing system so that both producers and consumers would reap more and more benefits. In the absence of well-organized market both consumers and producers are exploited.
- ii) Government should exempt or at least the sales tax on handicrafts which will result in the price of handicraft products and thereby increase the sales.
- iii) Foreign master designers may be invented to design centers to render guidance to the craftsman.
- iv) Uniformity in price is also an important tool for the growth of this industry. The customers feel that they were exploited and get harassed when they purchase the same handicraft product from two shops at different prices.
- v) Government of Nepal should take necessary steps to frequent supply of raw materials to empower them economically.
- vi) Skill Development Programmes should be implemented in remote area in order to make easy commutation for the women who are coming from very far.
- vii) Government should patronize this industry by giving logistic support. Government should realize that this industry can be a source of foreign revenue, and create job opportunity. Financial and institutional support should be ensured both by government and by private sectors. Fund allocation in favor of artisans engaged in Khukuri industries can be increased. Mechanism can be developed to finance the entrepreneurs, especially in financially hard situations.
- viii) The government agencies should ensure sustainable supply of quality raw material. The producers can combined or individually produce Khukuri that will reduce the dependency on external sources for the supply of raw materials mainly iron.
- ix) The study has also revealed that most of the customers think major Khukuri as obsolete, poor and ordinarily designed. So all enterprises should adopt new designs, new features to consider the customer needs.

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APPENDIX: QUESTIONNAIRES

Entrepreneur's Profile

Name:

Age:

Sex:

Caste:

Religion:

Address:

Education:

Major occupation:

Household size:

Name of Interviewee:

Name of Interviewer:

Date of Interview:

Section I: General background about entrepreneur

Name of Industry:.....

Date of Establishment:

Types of Produced Goods/Items:

.....

Number of employment: Total..... Female..... Male.....

Size of Capital (In Rs.).....

Section II: Problems Faced by Industry/ Entrepreneur

Access to finance:

1. Have you taken loan from the financial institutions? Yes/No
2. If yes, how much amount? Rs. _____
3. Is loan easily available? Yes/No
4. What is the collateral kept for loan?

Access to electricity other inputs (electricity/raw materials):

1. Is there electricity sufficient for your enterprise? Yes/No
2. How many hours per day do you use electricity?
3. Do you have any alternative way of electricity for your enterprise?
Yes/No
4. If yes, what are
5. Is raw material adequate for your industry? Yes/No
6. Which raw materials do you use?
7. Local (within district) ii. Outside district (within Nepal) iii. Outside
Nepal

8. What types of human resources are there in your industry?
i Educated ii. Uneducated.
9. What types of man powers are employed?
i. Skilled ii. Unskilled iii. Semiskilled iv. All
10. Does your enterprise require use of modern technology? Yes /No
11. Which technology is used by your enterprise?
i. Traditional technology ii. Intermediate technology iii. Modern technology
12. Do you feel that need of modern technology to improve quality and increase quantity of the product? Yes/ No

Access to market:

1. Is there sufficient market for your product?
2. Where do you sale your product?
3. Is there any transportation facility to sale output?

Do you have any problems to operate industry? Yes/ No

If yes, please mention what problems are you facing to operate industry?

List of Problems	Tick () if Yes
Industrial insecurity	()
Minimal availability of energy	()
Weak infrastructure	()
Lack of competent human resources	()
Lack of capacity to adopt new technology	()
Lack of modern technology	()
Lack of capital	()
Lack of financial institution	()
Lack of loan	()
Political instability	()
Industrial labour relation	()
Lack of labour	()
Scarcity of raw materials	()
Lack of training	()
High competition of the product	()
Lack of thinking that industrial enterprises as a means of livelihood	()
Other	()

Section III: Prospects of Khukuri Production

In your opinion, what may be prospects of Industry?

List of Prospects	Tick () if Yes
Poverty reduction	()
Employment opportunity	()
Import substitution	()
Utilization of local raw materials, skill, resources	()
Employment for educated, uneducated, skilled, unskilled people	()
Use of modern technology	()
Market expansion	()

Section IV: Others

1. Do you know any facility about Khukuri Production? Yes/ No
2. Do you feel political interference in your industry? Yes/ No.
3. If yes, where i. Importing raw materials ii. Exporting output iii. Other
4. Did you get any trainings for your labour to develop skill from any Governmental Organization and Non Governmental Organization? Yes/ No.
5. If yes, name of organization.....
6. 6. Did you get entrepreneur development training? Yes/ No
7. If you have any opinion about problems and prospect of Khukuri production, please you can tell.
8. What are the problems of capital?.....
9. What are the problems of raw materials?.....
10. What are the problems of production process?.....
11. What are the problems of produced goods?.....
12. Do you know additional demand of your product? If yes, name of place.....