

CHAPTER- ONE

INTRODUCTION

1.1 Background of the Study

Economic development involves rapid and sustained industrialization, which establishes intense backward and forward linkages in the economy with higher share in GDP, growth of employment and productivity and reduction of poverty and inequality.

Sustained industrialization needs sufficient capital, required technology, human resources, natural resources. Similarly, conducive investment environment, policies and institutions and market are other factors.

Systematic industrialization in Nepal is assumed to start from the decade of 1950s with the implementation of First Five Year Plan. During the decade of 1960s, 1970s and first half of the 1980s Nepal adopted import substitution development strategy. Government established various government enterprises covering most of the sectors of the economy, agriculture, manufacturing, transport, trade, services etc.

After the restoration of democracy in 1990, government adopted liberal economic policies including deregulation, privatization, tax reforms, trade policies reform, exchange rate reform etc. As a result private sector has been holding a major share in the process of industrialization and economic development.

The government of Nepal introduced industrial act in 1992 “Traditional industries that utilize specific skills or local raw materials and resources, labor intensive and are based on national tradition, art and culture and industries shall be termed as cottage industries and the industries with fixed assets up to an amount of 30 million (\$420 thousands) rupees shall be termed as small scale industries”

Small and cottage industries have a long history in Nepal. It has been improving since ancient time. In kirati regime woodcraft, engraving etc. had developed. In Malla regime, cottage industry was so developed that Nepalese crafts were exported even in Tibet. In the time of Prithvi Narayan Shah different weapons and gun powder were made. To promote cottage industry, in 1939, "Nepal cloths and cottage skill publishing office" was established and in 1940, "Tri- Chandra Kamdhenu Charkha Pracharak Mahaguthi" started the work of spinning as well. In 1955 government established small rural and cottage industry training and development department. In non- governmental sector, in 2007, Nepal Gandhi Smarak Nidhi, was established to produce garments.

When planned development began in 1956, small and cottage industries have been included in planning for its development and promotion. But as expectation, it didn't become successful to involve people and to attract private sector, in the seventh planning, different policies were adopted for the protection of cottage industries, training , review of policy, women's involvement in economic sector, use of endogenous raw materials etc. now, it can also be expected that with the support of government, there are some chances for small and cottage industries to go further achievement in the "Three year interim plan"(NPC, Eleventh plan)

Since Nepal has very low capital and technology as well as other resources, the medium and large scale industry cannot be established growingly. So for this problem, small and cottage industries would be remedy. In this way, small and cottage industries are indispensable for the economic development of Nepal.

The Industrial Enterprise Act 1992, classified enterprises into four major categories namely; Cottage industries, Small industries, Medium and Large industries based on the level of investment. But the nature and origin of different types of enterprises and their size in terms of employment have not been taken into consideration in this classification (Sapkota-1999). According

to the Act, the traditional mobilizing specific skill or raw materials and sources and labor intensive and related with national custom, art and culture termed as cottage industries.

The sum of two words cottage and small give us the idea of small type manufacturing unit which is generally handled by household level in which family members work as full timer and use locally available raw materials. Cottage industries are producing goods required for daily consumption. Therefore, people are self-sufficient in respect to several consumption goods. Cottage industries are more or less household industries creating only a limited market. Small enterprises will be more or less manufactories depending on resources coming from outside and more of them depending on a large scale industry for the supply of semi-finished products (Kharel-1992).

) Small and Cottage Industries in Nepal

Small and cottage Industries (SCIs) have a long history in Nepal. These sectors encompass apart from simple processing industries like milling and grinding but also the craft such as casting hard metal, weaving carpets, making wooden and Sculptures. Similarly, the Woolen goods and hand –made papers from different grasses were among the most flourishing products in the past. Since the society was divided into caste system, the different form of labour were divided accordingly. The new generation through a process of learning used to inherit the trade and craftsmanship of their fathers.

Initially Nepal's trade was with Tibet which lasted till the beginning of the 20th century. The success of British Indian Military Mission led by Tibet not only opened trade routes from India and Tibet, but also declared Nepal a free trade area. At this time, the cheap Indian products dominated the Nepalese market and as a result indigenous cottage industries of Nepal virtually collapsed. It was because of their inability to compete with Indian goods. Many Nepalese small and cottage enterprises abandoned their professions and thus enriched traditional Nepalese craftsmanship and skills started disappearing gradually.

An industrial attempt for the retrieval of Nepal's cottage industries further initiated with the creation on Tri-chandra Kathmandu Charkaprachark Mahaghuthei (A trust for the Propagation of Handloom Industry) in 1993 A.D. Similarly, in 1947 A.D. a Nepali Kapada Ra Gharelu Ilam Prachar Adda (An official for the propagation cotton industries and rural entrepreneurship) in Nepal was established in Public sector. At present it is estimated that a number of 64715 small and cottage industries have been registered with the government. Number of small and cottage industries are increasing every year.

) Role of Cottage and Small Industries in Nepalese Economy

Industrialization plays a vital role in economic development. Industrialization offers prospects of a growing availability of manufactured goods, increased employment, balance of payment and greater efficiency and modernization of the economy. But the geographical of our country is such that the feasibility of big industries is almost low. Most of the regions of the kingdom are remote and people do not have sufficient capital and technical knowledge to run big industries. In the Nepalese context, cottage and small scale industry has important role for the economic development of the country. Cottage and small industry plays significant role not only in preserving traditional skills, art, culture and the proper utilization of raw material produced in rural and urban areas but also in upgrading the economic standard of the majority of people by generation employment opportunities and enhancing national productivity. As local raw material, skills and labor are extensively used in such industries, value added in these industries is higher.

Although more than 60 percent of the active population depends on the agriculture, the contribution of this sector to nation at economy is rather decreasing every year, due to the transformation of people from the agriculture to the industrial economy. Similarly, there acquaintances with the traditional and unscientific farming system as well as the problem of global warming have also caused the low level of production through agricultural sector. This

phenomenon has resulted in ever growing problem of unemployment and underemployment. The present status of seasonal and regional unemployment is estimated to be 42 percent in the rural and 25 percent in urban areas. The bulk of the national labor force is now in search of business rather than agriculture. In this perspective, the industrialization is only alternative to solve the problem of unemployment. On the one hand there is the problem of decreasing national productivity and on the other hand however, establishing large industrial enterprises is not that much feasible in Nepal. Since the country is landlocked and has no direct access to the world market and the success of which largely depends on the good will of India. So from the development point of view, dependence of cottage and small industries could be, in reality response and way out for the industrial development in Nepal (Economic Survey 2010).

In context of Nepal, industrial development is a labour intensive, local raw material and local indigenous skill oriented enterprises, such enterprise, a part from helping accumulate the scattered capital resources in the rural area. In context of Nepal, we should encourage labour intensive technique of production due to existence of unemployment. Besides, it should be based on domestically available raw materials and skills. Enable rural people living under bare subsistence actively participate in the development countries industrial economy, the cottage and small industries can play a vital role to increase the export and by their help to maintain the balance of payment. Utilize the local resources through the use and expansion of indigenous local skill and technologies and make Nepalese traditional and cultural heritage renewed in the international field through the export of cottage and small industries products in the international market. So, it is the demand of time to shift the population heavily depended on agriculture to the cottage and small industries through series of well planned entrepreneurial activities.

1.2 Statement of the Problem

Nepal needs to set up large scale industries; it seems to be blockage because of the poor capital and other constraints. So, cottage and small scale industries are seem to be of great importance for the economic development. Such industries provide employment for the people, help to generate income, help the country to preserve and promote the traditional arts and finally help in the economic development. But such industries are not boosted and flourished in our country. They have to face various types of problems like production, marketing, management, financing and problem from political instability etc.

It's said that 90 percent of the cottage and small industries has the problem of financing and refinancing government policy of their industries. The time consuming and bureaucratically delayed procedure for loan approval, corrupt mentality on the part of the entrepreneurs and high interest rates are the major problems and constraints for financing of cottage and small industries in Nepal. Therefore, it would be success from thinking to create a new innovative idea for this sector. Marketing has not been able to compete with foreign products due to the high cost of production, inferior quality, design, and price and less primitive tariff of the government. The cottage and small industries are facing decrease in demand due to low qualitative products and insufficient advertising and so on. It is also affected by high cost of raw materials, technologies, infrastructures and seasonal production, so due to the lacks of adequate market, a series of cottage and small industries have already been closed.

In this context, Biscuit industries of Dharan Municipality face Different obstacles. They don't get enough market in comparison with the imported goods and products. They are producing in low quality product. These industries are depending on agriculture. So, they have to rely on agricultural raw materials and can't get raw materials properly. And also these industries are facing lack of worker, in these reasons they are shutting-down every year. So it needs to study about this cottage and small industries.

1.3 Objectives of the Study

The main objective of this study is to appraise the Problem and Prospect of Biscuit industries in Dharan Municipality, the specific objectives are:

1. To examine problems and prospects of the industry in the study area.
2. To examine socio-economic status of the workers working on those industries.

1.4 Significance of the Study

There are some justifications of this study. Due to lack of the adequate information, most of the papers prepared on the topic of small and cottage industries do not represent completely the real picture of the small and cottage industries of Nepal. The government sector has not even been able to supply the up-to-date data of registered and operating small and cottage industries in Nepal. The problem accumulated up till now concerning the status of small and cottage industries in Nepal are varied and thus need verification. In this context, the present study hopes to identify the real problems of small and cottage industries. The rationale behind this study is to gather and provide general information about the small and cottage industries of Nepal with the findings of this study

This study is useful to governmental and non-governmental organizations, agencies and research workers. Likewise the study will be helps for policy makers and planners. In this manner, this study seems to be significant for researcher, policy makers, economic teachers, students and those who are involved in NGOs and INGOs. And also the recommendation has drawn after the careful appraisal of the problems and procedural short comings help to develop the industries in future.

1.5 Limitations of the Study

This study has following limitations:

- a. The study focuses only on one biscuit industry group, located at Dharan municipality, Sunsari.
- b. This study has been focused on the problems and prospects of biscuit industry.
- c. The reliability of the study is dependent upon responses.

CHAPTER- TWO

LITERATURE REVIEW

2.1 Reviews on Theoretical concept

Different Economists have different concepts about cottage and small-scale industry. It is different from country to country and from time to time. The western community thinks that labor intensive industries are cottage industries, where as Far East Asian community trends the traditional skill oriented or indigenous raw material based or small units of industries are cottage industries. The concept of Indian community found that some specified or listed items are classified as cottage industries. So, in India, the cottage industry could not be classified by either technology of product or by units of investment. But in Nepal, the definition of the cottage industry is different before and after the industrial enterprise Act come into action. The concept has considered the indigenous raw material based or handicraft based or handloom based industries are known as cottage industries.

The words small-scale industry is itself different in various countries. In Japan, these are called small enterprises; in India, small industry. Some other countries call them rural or cottage industry. In Sweden and Germany, there is no official definition of small scale industry. These different expressions also indicate different meaning and scope of small-scale industries in different countries (Ojha-1987).

Shrivastava (2002) in his study on GICI (Government Institution of cottage industries) is mainly based on description and analysis carried out about some of the typical produces of Sikkim. GICI has identified the problems is not properly promoted and therefore, the number of employment in this institution is decreasing. Since the bulk of the technicians are master weavers work for middle man and bargaining power is weak and get low margin of profit. The GICI have been facing the problems of finance skilled manpower and

marketing. The government of Sikkim has given neither priority nor protection to handicraft products and its marketing as a base for industrialization. The export procedure of handicraft product is very complicated. There are no internationally accepted methods of payment advance payment or letter of credit system. Rather there are hurdles as regard to the foreign exchange facilities. There is the shortage of capital among handicraft artisans and no availability of the credit without collateral. The industries are closing their operation due to unavailability of woods raw materials.

Lalchan (2006) identifies the problems faced by workers and suggest appropriate measures for improvement in employment generation instant noodles industry in Pokhara Valley.

Not only this S. Lalchan has made following recommendations on the basis the study, As the number of unskilled labours is high, the provision of regular training programs should be made to the workers of low level of skill in order to increase their proficiency which is the assets of on organization. The level of income in these industries is quite inadequate even to maintain the subsistence living standard. Therefore the government has to take initiatives to persuade the owners to raise the wage rate so that the workers very maintain the subsistence living standard various types of facilities which are lackies in above mentioned industries should be provide to the workers. The physical condition of the working place of these industries most be improved. Due to the low bargaining power. Workers are easily exploited so the concern department should give attention to improve the condition of workers. Trade unions of instant noodles industries laborers must be organized and master system must be eliminated.

Gautam (2007) has pointed some problems that increases self- employment, uses local labor, skill and resources, easy to establish, basis for foreign trade, preservation of art and culture. Source of foreign currency, preserves industrial conflict and low pollution. On the other hand some problems pointed by Gautam are as: lack of capital, lack of infrastructure, lack of education and

training, lack of raw materials, lack of proper market, and lack of fuels, lack of peace and political conflict and high competition.

Panta (2006) argues that small and cottage industries are also the foundation stone of large scale industries. The development of small and cottage industries increase the income and purchasing power of the people. And it is helps for maximum utilization of local resources. Moreover, the small and cottage industry plays important role in preserving traditional art, skill and culture. It has helped to introduce Nepal and tradition and culture and different countries; similarly, the small and cottage industry can contribute in import substitution increase foreign exchange earnings and increase the national productivity. This ultimately assists in improving the balance of payment situation of the country as well as it also helps to preserve the environment.

2.2 Nepalese Overview

Cottage industries being labour oriented utilized less capital and provide more employment. As considered in context of our country cottage industries are the powerful factor or source that help in increasing the per capita income of our country. Beside these, more important contribution of it is to provide the shifting or surplus labour from long which is being a burning problem in most of the less developed countries of SAARC countries. Among SAARC countries, Nepal is still backward in industrial and commercial development. Thus to promote the standard of living any PCI many type of small and cottage industries should be established. 'Rural unemployment' is being a great problem in most of the SAARC countries and with the pressure on land being a great already acute some device must be found to siphon a way this pressure which threatens to become implosive. Small and cottage industries offer a means where by new employment opportunities can be created in rural area. This relive to some extent, the pressure on land using relatively few skill and little capital" (Malla, 1979).

It is clear that the prosperity of a country mainly depends upon its all round development of the economy and industrial development plays a vital role in accelerating the progress of a country. There is a great demand of speedier industrialization of many hungry nations. Though Nepal was quite late to be influenced by the succeeding industrial development that were taking place around the world until 1940's when we started having a few modern agro based and forest based industries, even if cottage and village based industries have long and successful history in Nepal.

2.3 Three Year Interim Plan

Three year interim plan clearly states that lay ancient times, cottage and small scale industries is being prioritized. Although it is considered through when planning was started. There are 10 plans completed and an 11th three year interim plan is in action. Government has considered industries as the priority sector. In this time plan period, government has taken the policy that the industrial environment will be created such that Nepalese industry will be able to complete with the world's economy. Industry will achieve average annual growth rate 6.2 percent investment will about to 4,700croes, generating 150,000 additional employments, establishment, operation and exit will be made easier to make industrial sectors competitive, starting one door system developing comparative and developing competitive capacity are the main considerable policy of interim plan.

2.4 Literature Related To the Small and Cottage Industries In Nepal

A study conducted by Khanal using descriptive as well as analytical research design on the basis of primary and secondary data drawn some key information. The study has found following findings;

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 materials in agro-based industries. So, there is necessary to provoke for its further development about the small and cottage industry in the study area but its size of growth is in increasing trend as for the entrepreneurs of 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 the lack of skill manpower and on the other hand; they are still in traditional technology.

Furthermore, among the sampled small industries, 76% 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 agro based industry, are getting salary in subsistence level. That's why; workers are compelled to live far from the modern facilities (Khanal-2003).

The small and cottage industry plays an important role in upgrading economic standard of the development of cottage and small industry and release pressure of population on agriculture. CSIs become a supplementary source of income to the farmers and the condition cannot be miserable during the crop failure. Since the small and cottage industries are more labour intensive, more people get employment. It contributes about 76% of the total employment generated by the industrial sector (Panta and Joshi-2005).

Gurung found that CSIs are facing the problem of labour employment, marketing and finance. Accordingly, CSIs are seen very fruitful for the study area. Gurung found that there are many problems and in the same time, many

prospects are also seen in CSIs. Most of the CSIs have the problem of capital, skilled manpower and limited market. And the researcher has suggested as: Locally used raw materials will certainly help to produce local goods and services and will be certainly used by local people. All these make production far better and efficient. In case of marketing, if industries will use local vehicles properly, these will help in marketing process. According to Gurung, to solve the main problems, CSIs have to use local market, training should be given for unskilled labor, manpower, entrepreneurs have to use profit in the same industry, and this will certainly either solve or minimize the problems. Entrepreneurs also have to take advice from the knowledgeable persons to solve their problems (Gurung-2008).

Panta and Joshi have expressed their view pointing out the importance of small and cottage industries in the book named 'Introduction to Quantitative Technique in Nepalese Economy. Researchers have further said that the establishment of small and cottage industries need less capital, limited raw material, low technical knowledge and low human capital. Such industries can be established and run by households. Nepalese people are experienced in producing traditional goods. Hence the small and cottage industry forms 25% of the total number of organized industries and contributes more than 50% to the total industrial production.

As attempt to identify the problem and to recommend the ways out there of small and cottage industries in context of our country Nepal.

The trainings conducted by the concerned government institution have not able to create the business. The training is being given for training sake. Moreover, the trainings have been organized without appraising correctly the training needs and desire of the targeted groups. There is no effective financial assistance to the CSI(Small and Cottage Industries). The loans are granted only against collateral. In addition, there is no separate financial institution responsible for loan flowing to CSIs (Small and Cottage Industries). The

genuine entrepreneurs having no recognizable property have no access to the bank loan. The already trained manpower has been found idle because of not having even a minimum amount for investment in the business. The instructors are old and have no idea concerning new cannot be always valid. The lack of market is one of the big problems for Nepalese CSIs (Small and Cottage Industries). Because of the lack of adequate market, a series of small and cottage industries have already been closed. There is no institution to provide the suggestions so that in terms of quality products and thus the products have not been able to compete with similar foreign products. There is an inadequate fiscal and non-fiscal incentive for CSIs (Small and Cottage Industries). CSIs (Small and Cottage Industries) have to compete with similar foreign foods in terms of price and quality.

With a view to searching the way out for above mentioned problems, Sharma has made recommendations also. The training should not be conducted for training is sake. It should result in the increased number of the business. For this, either training instructions themselves must have some funds to invest in the trainees potentials. Business or provision should be made so that the trainees could easily get loan from bank after the training. Further, the training should be designed keeping in mind that the need and interests of the target group (Sharma-1982).

In an article some economists have pointed some problems as well as role of small and cottage Industries which are as follows.

It increases self-employment, uses local labor, skill and resources, easy to establish, basis for foreign trade, preservation of art and culture, source of foreign currency, preserves industrial conflict and low pollution. On the other hand, some problems pointed by Gautam are as, lack of capital, lack of infrastructure, lack of education and training, lack of raw materials, lack of proper market, and lack of fuels, lack of peace and political conflict and high competition.

2.5 Government policy on cottage and small industries development

Nepal shared in a democratic political system only in 1951. Before that the country had experienced a feudalistic, autocratic and oligarchic regime for more than a century. At that time, the country had absolutely no infrastructure for the industrial development. At that time, the country had absolutely no infrastructure for the industrial development and it was only after the advent of democracy in 1951. The country paved the way toward the planned economic development. The first five year plan was implemented in 1956 and since than nine periodic plans has also been implemented and the 10th five year plan is in the process of completion next year. During the first four periodic plans, the government emphasized more on the creation of infrastructures for development. The government could not pay much attention towards the development of small and cottage industries in Nepal. It was only in the sixth plan period (1980-85). That government of Nepal shifted the emphasis from the infrastructural development to the production, employment and meeting the basic needs of the people through the exploitation of already created infrastructures. In that very period, the government of Nepal formulated industrial policy and implemented it. Supporting measures were taken to launch the plan all over effectively. The Small and Cottage industry Development Board was strengthened and carried out small and cottage Industry Development Projects sponsored by World Bank and UNDP. In 1984, HMG, Department of Small and Cottage Industries got under its wing the Small business Promotion Project and TRUGA (Training for Rural Gainful Activities) Project. The formulation of industrial policy and the Industrial Enterprises Act and their implementation gave a favorable response to the national economy. It was for the first time in Nepal, the GDP growth showed a commendable increase of more than 4% despite the government's failure to give the incentives and facilities promised to industrialist and to protect the Small and Cottage industries in terms of customs rates, sales tax and excise duties .Similarly, the seventh plan (1985-90) laid again the emphasis on the

fulfillment of basic needs and followed the similar guidelines as regards to the development of small and cottage industries. The industrial promotion committee was constituted which suggested the government for meaningful amendment in the industrial policy and the Industrial Enterprise Act. At the outset of eight plans (1992-97), the amendment in the industrial policy was made which followed an amendment also in the Industrial Enterprise Act.

) The policy objective mentioned the targets such as

1. To increase self – reliance by producing goods meeting the basic needs.
2. To change the structure of national economy by increasing the contribution of industries to national economy and uplift the living standard of the people.
3. To create maximum opportunity of employment in the industrial sector and to transfer the surplus manpower depending on agricultural and
4. To improve the balance of payment situation through import substitution and export promotion.

) The basic objective set in the industrial policy for the purpose of above mentioned objectives were as follows

1. To make available effective protection to industries and through that help utilize appropriately and available resources;
2. To strengthen the role of industry in achieving regional economic balance and rural development;
3. To adopt comprehensive standards which benefit the national and in conformity with such standards encourage entrepreneur to take independent decision regarding the establishment and diversification of the industries;

4.To encourage local resource mobilization in order to ensure that supply of raw materials to industries and increase their flow of foreign currency as needed ;and

5. To develop, in addition to manufacturing industry, the industries relating to agriculture, energy, mining tourism and service with merit national priority;

) Regarding protection to the small and cottage industries, the industrial policy has given clear cut indication

"No permission will be required to establish small and cottage industries. It will, however, be necessary to register such industries. No license will be required for the establishment, expansion and modernization of small and medium scale industries, not requiring foreign exchange on the products or cottage industry.

Moreover, cottage industries in general and small industries not requiring more than 10% of their total raw material consumption in convertible currency are exempted from income tax for a period of five years. Tax alleviation is further given for advertising measure investment in underdeveloped areas In the case of reinvestment; advanced system of depreciation system as also permitted in an even protection level of 30% for all value added granted to all industries. These measures are attributed to excise duties, sales income or other taxes i.e. the amount of 30 US dollar is simply deducted from bills payable to the government. An incentive in form of excise duty exemption is given to industries that manufacture in a fashion so far unknown in the country.

CHAPTER- THREE

RESEARCH METHODOLOGY

3.1 Rationale of the Selection of the Study Area

Biscuit industries which are regarded as the small scale industries are considered to be the primary and more beneficial for the generation of the employment opportunities in the rural and semi-urban areas of Nepal. This study which is concerned to expose the problems and the prospects of the biscuit industries and the socio-economic status of the labors of the industries of Dharan municipality is concerned with the census survey. The rationales for the area selection area selection are as follows:

1. Such type of study has not been carried out in the district before.
2. It represents the status of the biscuit industries of the rural and semi-urban area of Nepal.
3. It is accessible to analyze and obtain data from biscuit industries than from other large scale industries while studying the nature and scope of the labours of the industries.

3.2 Selection of the Study Area

Among the total 25 registered biscuit industries present at the Dharan municipality, the different 10 running industries which are located in the municipality ward no.2, 11, 17, 18 are selected for the purpose of this study.

3.3 Research Design

The research designs which have been adopted to the purpose of this study are both analytical and descriptive types. While preparing this study one of the popular type of research design, i.e. census survey has been used. The present study thus focuses on the investigation of the socio-

economic status of the labours and the problems and prospects of those industries.

3.4 Universe/Population

While conducting the census survey for this study; the universe of 10 Biscuit industries and all the total 50 workers are selected. Besides, the other stakeholders and other key informants are also considered for the informal discussion and accidental interview. Where, the key informants are the elder persons, social workers, politicians etc of the study area.

3.5 Nature and Source of Data

The collected data and information are both qualitative and quantitative in nature and have been collected from both primary and secondary sources. The primary source is the field survey, which has been conducted by the researcher in order to generate and obtain the primary data whereas many published and unpublished materials provided are the sources of secondary data.

) Primary Data Collection

The required data and information from the primary sources are collected with the following techniques:

1. Questionnaire: While developing the set of questionnaire, various information's like, socio-economic status of the workers, problems faced by those industries in production process as well as the future prospects of those industries are incorporated.
2. Questionnaire for Personal Interview: A set of questionnaire are used for personally interviewing the selected worker of the industries. The questionnaire included both open and close ended questions.

3. Informal Discussion: Informal discussion with key informants, industries owner, CSI (Small and Cottage Industries) field staffs and other concerned agencies are held during the survey.

4. Field Observation: Field observation is also the key factor of the survey which has been accomplished similarly during the field study.

) **Secondary Data Collection**

Secondary data are collected from different published and unpublished sources. Text and reference books: the literature regarding the small and cottage industries were consulted throughout the study. Book, brushers, booklets etc published by DSCI were also consulted District profile of Sunsari, Dharan

3.6 Presentation and Data Analysis

A huge mass of data that have been generated during the study period. To handle it conveniently the collected raw data are processed in a computer in the beginning by means of sorting, grouping, frequency distribution and tabulation presented in the forms of table, pie-chart and bar-diagrams etc. Both qualitative and quantitative data have been analyzed with appropriate statistical tools accordingly. In case of quantitative data; percentage, average, and frequencies has been used. On the other hand, descriptive method of analysis has been applied for qualitative data.

CHAPTER- FOUR

FINDINGS OF EMPIRICAL STUDY

4.1 Problems of Entrepreneurs in Biscuit industry in Dharan Municipality

Entrepreneurship plays a vital role for any entrepreneurs to manage the industries, so that entrepreneurs is a primary part of any industries; cottage, small, medium or large industry. Without entrepreneur any industry cannot be run. It is in the hands of entrepreneurs how to manage the industries. But there are many problems of entrepreneurs which came in the working path of their managerial activities. The main problems are financial, marketing, raw materials shortage and problems created by the relation between workers and entrepreneurs. The entrepreneurs of the Biscuit industries of Dharan municipality are also facing such problems which are shown in the table below.

4.1.1 Nature of labour selection

Without worker no any types of Industries can be run smoothly. Success and failure of the industries upon the skilled manpower. Selection of labour employed system shows the nature of entrepreneur's behavior and also making their future. System of labour selection is tried to be analyzed through the following table.

Table: 4.1.1
Methods of Labour Selection in the Industry

S.N.	Nature of labour Selection	labours	Percentage
1	Free competition	10	20.00
2	Family related	25	50.00
3	Experience	10	20.00
4	Other	5	10.00
Total		50	100.00

Source: Field Survey 2013

Table 4.1.1 shows 10 labours (20 percent) are selected from free competition, 25 labours (50percent) are from family related , 10 labours (20percent) are from experience and 5 labours (10 percent) are from other. It seems that higher percentages of workers are selected from entrepreneur's family related person which decreases the chances of the selection of skilled manpower.

4.1.2 Nature of the Use of Modern Technology

Technology updates and increases the production smoothly; it helps significantly, so every entrepreneur wants to use existing technology.

Table: 4.1.2
Nature of the Use of Modern Technology

S.N.	Use of Modern Technology	No. of Firm	Percentage
1	Yes	4	40.00
2	No	6	60.00
Total		10	100.00

Source: Field Survey 2013

Table4.1.2 shows that 40 percent of the industries are using existing technology and 60 percent industries are not able to use existing technology.

4.1.3 Working Time Durations

Form the survey it is found that most of the workers in the industries work approximately 10 hours per day but they have no holiday throughout a week.

Table: 4.1.3
Working Time Durations

S.N.	Time Duration	Workers	Percentage
1	4 to 6 hours	4	8
2	6 to 8 hours	15	30
3	8 to 10 hours	25	50
4	More than 10 hours	6	12
Total		50	100.00

Source: Field Survey 2013

Table 4.1.3 shows that the workers who work 4-6 hours are only 8 percent; 6-8 hours are 30 percent 8-10 hours are 50 percent and more than 10 hours are 12 percent. It shows higher percentages of workers work at 8-10 hours per day. It created laziness, boring and tidy feeling to the workers. To work more than 8 hours per day is also above than international standards.

4.1.4 Sufficiency of Labour

As we consider worker is the driving force of any industry, worker forces shows are available at the required amount. Man is the means and ends of all activities.

Table: 4.1.4
Sufficiency of Labour

S.N.	Sufficiency of Worker	No. of Firm	Percentage
1	Yes	4	40.00
2	No	6	60.00
Total		10	100.00

Source: Field Survey 2013

Table 4.1.4 shows that 60 percent of the industries have not sufficient worker force. Most of the industries have insufficient workers. It is because of lack of financial resources or any other problem.

4.1.5 Marketing the Output

Marketing places is one of the important factors to analyze the status of the industry. The Marketing places of Biscuit industries in Dharan Municipality are described below.

Table: 4.1.5
Marketing the Output

S.N.	Selling Places	No. of Firm	Percentage
1	Business man	4	40.00
2	Within municipality	3	30.00
3	Within district	2	20.00
4	Out of district	1	10.00
Total		10	100.00

Source: Field Survey 2013

The table 4.1.5 shows that is about the Marketing places of produced goods by the biscuit industries of Dharan municipality. The produced goods are sold to the businessman by 40 percent but 30 percent industries sell their products within the municipality only. Likewise, other 20 percent industries sell their products not only within the municipality and also other places of Sunsari district. There is only one oldest industry which sells its product in and out of the district. It maintains the good quality of products by which its products are sold largely and the products are also known as “Dharane Biscuit” everywhere in the Eastern region. Most of the entrepreneurs have good knowledge about ‘how to make biscuit’ due to the involvement in the industries.

4.1.6 Physical Condition of the Industry

Industries physical condition plays as important role in the production process. Wide area of the industry, light and healthy environment enhance the production process. Moreover the good provision and after physical facilities in the industry further reduces the chances of accidents in the industry. The following table shows the physical structure of the industries of the study area.

Table: 4.1.6
Physical Condition of the Industry

S.N	Physical Condition of the Industry	No. of Firm	Percentage
1	Good/Normal	2	20.00
2	Dirty	1	10.00
3	Dark	2	20.00
4	Congested	3	30.00
5	Dusty	2	20.00
Total		10	100.00

Source: Field Survey 2013

Table 4.1.6 shows that only 2 industries (20 percent) of the study area have the good provision of physical facilities whereas after 8 other industries (80 percent) do not have the proper and quality of environment for the production and workers. These industries are preoccupied with the various problems. They are dark, dirty, congested and dusty. Among 8 different industries, 3 industries (30 percent) are very congested. Entrepreneurs say that due to the lack of capital, they are not able to enlarge the area of workplace. Through this it can be said that the present physical condition of the cottage industries are very worse. If the qualitative production is to be kept the physical condition of these industries should be well maintained.

4.1.7 Utilization of Profit

Profit is the incentive force to run and operate the industry. Sometimes, profit will be invested to promote the same industry and sometimes it may be used for other purposes. Where the profit of the Biscuit industries of Dharan municipality is using by the entrepreneurs is presented below.

Table: 4.1.7
Utilization of Profit

S.N	Utilization of Profit	Entrepreneurs	Percentage
1	For household consumption	4	40.00
2	To fund other industry	2	20.00
3	To promote the same industry	3	30.00
4	For other purpose	1	10.00
Total		10	100.00

Source: Field Survey 2013

Table 4.1.7 shows that, 3 entrepreneurs (30 percent) are using their profit to promote the same industry, 4 entrepreneurs (40 percent) are using for household consumption, 2 entrepreneurs (20 percent) is using their profit to fund other industry and 1 entrepreneurs (10 percent) is using their profit to for other purpose.

4.1.8 Formal Training Status before Entering the Industry

To be update and increase the production smoothly with minimum cost, training helps significantly. The trained manpower not only produces qualitative goods and services but also decreases the cost of production.

Table: 4.1.8
Formal Training Status

S.N.	Training Status	workers	Percentage
1	Yes	20	40.00
2	No	30	60.00
Total		50	100.00

Source: Field Survey 2013

Table 4.1.8 shows that 60 percent of the workers have not taken any type of training where as only 40 percent workers have taken training of different time period.

4.1.9 Difference between Male and Female Salary

In almost all area we can see salary discrimination between male and female whether they work same work. In the study area, it is also witnessed which is represented through following table.

Table: 4.1.9
Male and Female Salary Discrimination

S.N.	Amount of Difference	No of female workers	Percentage
1	Less than 100 Rupees	3	20.00
2	100-399 Rupees	5	33.33
3	More than 400 Rupees	7	46.67
Total		15	100.00

Source: Field Survey 2013

Table 4.1.9 shows, 20 percent of female workers have been discriminated by less than 100 Rupees, 33.33 percent of female workers have been discriminated by 100-399 Rupees and 46.67 percent are suffering from more than 400 Rupees respectively as compare to the male workers which seem very miserable.

4.1.10 Nature of Problems for Production

Industries have different kinds of problems of production such as technology, skill manpower, and market facility and so on. Some of the problems that the Biscuit industries of Dharan municipality are facing are presented below.

Table: 4.1.10
Nature of Problems for Production

S.N.	Problems for Production	No. of Firm	Percentage
1	Limited market	2	20.00
2	Lack of skilled manpower	1	10.00
3	Transportation	0	0.00
4	Lack of capital	2	20.00
5	Traditional technology	2	20.00
6	Both 1 and 4	3	30.00
Total		10	100.00

Source: Field Survey 2013

Table 4.1.10 shows the problem of the industries in production process. Among the various problems, the main problem is the Limited market and lack of capital which is 40 percent. On the other hand lack of capital is 20 percent as the Biscuit industry does not need the specific skilled manpower the table shows the lack of skilled manpower is not a great problem which is just 10 percent. The problem of traditional technology is also 20 percent which is also not been considered as a seminal problem of the industry because even the traditional technology can sustain the demand of the market. But the lack of the market and lack of the capital are the major problems. The lack of equal number of shops within the municipality come this problem. The shops are located especially in ward no.18 and 2. On the other hand most of the entrepreneurs are middle class, they do not get loan in minimum interest rate which also came the crises of financial and the lack of capital.

4.1.11 Problems of Labour Employed

Really, labour is the key input for the production purpose and the problem they have faced should be minimized otherwise effective and effective production may not be achieved. Laborers who are facing different types of problems in CSIs in Dharan Municipality are depicted as following.

Table: 4.1.11
Problems of Labour Employed

S.N.	Nature of Problem	labours	Percentage
1	Low salary	20	40.00
2	Gender discrimination	10	20.00
3	Sex Violence	5	10.00
4	Other	15	30.00
Total		50	100.00

Source: Field Survey 2013

Table 4.1.11 shows the problems of labour employed in biscuit industry. From the table, 40 percent of firms have given low salary, 20 percent labors are facing gender discrimination, 10 percent are suffering from sex violence and 30 percent labors are suffering from other problems respectively. It means higher percentages of laborers are suffering the problem of low salary.

4.1.12 Source of Finance of CSIs in Dharan Municipality

Finance is one of the major factors to operate the industry to goods and services. But very few of them have known about banking system in Nepal. Financial sources of Biscuit industry in the study area as follows:

Table: 4.1.12
Source of Finance

S.N.	Source of Finance	No. of Firms	Percentage
1	Bank/ Financial institutions	3	30
2	Local Money Lender	5	50
3	Other	2	20
Total		10	100

Source: Field Survey 2013

Table no 4.1.12 shows that almost all of the entrepreneurs have financed their industries through local money lenders, and very few of the entrepreneurs have financed through either from banks or from financial institutions. Table shows that 50 percent of industries have been financed from local money lenders and only 30 percent of industries have been financed from banks, cooperatives or financial institutions and also only remaining 20 percent industries have been financed through other sources.

4.2 The Prospects of the Industries

Besides the multitudes of the problems prevalent on those industries, there are various prospects and possibilities realized during the study. For the creation of the employment opportunities as well as for utilization of the locally available materials these industries are very much useful. On the other hand they can also be regarded as the sources to mobilize the savings of the local entrepreneurs there by creating self- sufficiency and economic independence to them. As per the requirement if the government can also mobilize the budget for development of cottage industries sectors. It will help in the fastest development of industries in context of our country Nepal. As these industries require small scale of initial investment, they are easy to establish. Further the product can be the good option for fulfilling the demand of the market. While analyzing the prospects of those industries, the sources of the raw materials,

nature of initial investment and demand condition of the industries are focused on the following points.

4.2.1 Nature of Initial investment of Small and Cottage industries in Dharan Municipality

It is already clear that, Nepalese economy is suffering from capital as well as higher level of technology. To establish the small and cottage industry, different industries have the varied initial investment which is presented below;

Table: 4.2.1
Nature of Initial investment

S. N.	Amount of Investment	No. of Firm	Percentage
1.	Below 1 Lakhs	3	30.00
2.	1-4 Lakhs	5	50.00
3.	5-10 Lakhs	2	20.00
4.	More than 10 Lakhs	-	-
Total		10	100.00

Source: Field Survey, 2013

Table 4.2.1 shows the amount of capital that was invested at the time of starting business. According to the table, 30% entrepreneurs have invested less than one Lakhs rupees for starting their business. Similarly, 50% entrepreneurs have invested 1 to 4 Lakhs rupees and only 20% of the entrepreneurs have invested 5 to 10 Lakhs rupees. This shows that large no of industries are established with 1 to 4 Lakhs of initial investment.

4.2.2 Sources of Raw Materials

Raw materials are one of the essential elements to determine its quality, cost of the production etc. it is also the element of success and failure of every industry. As these biscuit industries primarily depend on local sources as the

raw materials for the production process, they can be regarded as means to utilize the local raw materials for the industries.

Table: 4.2.2
Sources of Raw Materials

S.N.	Sources of Raw Materials	No. of Firm	Percentage
1	Self and local sources	5	50.00
2	Import in out of district	3	30.00
3	Both 1 and 2	2	20.00
Total		10	100.00

Source: Field Survey 2013

In the table 4.2.2, it is displayed that 50 percent of total industries of the study area are using self produced and local raw materials 30 percent are using import in out of district raw materials and 20 percent are using both local and imported raw materials. This shows that most of the industries are using local raw materials. This hints that if the more numbers of industries are established, there can be the maximum chance of using the local materials.

4.2.3 Demand Condition of the Industry

Demand condition is the most important factors to analyze the status of the industry. The success of the industry depends upon its demand condition. Demand condition indicates the further way and measures to deal on the part of the entrepreneurs. As the demand for the biscuit is very high, these local industries can be the means to fulfill the need of the people by substituting the demand for the other imported products.

Table: 4.2.3

Demand Condition of the Industry

S.N.	Nature of Demand	No. of Firm	Percentage
1	High	5	50.00
2	Moderate	4	40.00
3	Low	1	10.00
Total		10	100.00

Source: Field Survey 2013

The table 4.2.3 shows that 50 percent industries have the high demand whereas demand of other 40 percent industries have medium. Development of science and technology has made the people's life easier, thus the produced biscuits are highly demanded for the various purposes. So, in case of marketing, the all industries may have good demands. Due to high demand of produced goods industries can get high profit and per capital income also increases.

4.3 The Socio-Economic Status of Workers

The workers are working or powerful factor to run any types of industries easily. So, the goods as the major parts of workers. The quality of produced goods also depends on the job performed by the workers. According to the place primary materials goods and with the tools of production the workers produce the things. So the number of workers must be increased as necessary to the demand of industries. As the workers are large in Number with the help of division of workers time and can be.

4.3.1 Sex-Ratio of the Workers

The respondents of this research include either male or female from the workers which involve in Biscuit industry.

Table: 4.3.1
Distribution of Workers by Sex

S.N.	Gender	No. of Workers	Percentage
1	Male	35	70.00
2	Female	15	30.00
Total		50	100.00

Source: Field Survey 2013

Among the workers male are 70 percent and female are 30 percent. It also shows that the male workers are in higher in no. than female workers in these industries.

4.3.2 Educational Status of Workers

Education is an important element of life that exposes the bright future. It plays a vital role for the development of people. It is a principle mechanism of fulfilling agent for awareness and change. Therefore it is a central to the process of empowering both workers and entrepreneurs.

Table: 4.3.2
Distribution of Workers by Educational Status

S.N.	Level of Education	No. of Workers	Percentage
1	Illiterate	10	20
2	Informal Education	5	10
3	Primary	20	40
4	Secondary	10	20
5	Higher secondary and above	5	10
Total		50	100

Source: Field Survey 2013

The table 4.3.2 shows that indicates among the workers 20 percent were illiterate, the informal education (who are not schooling) are 10 percent. The number of workers with primary level of education are 40 percent, secondary level of education were high number which belongs 20 percent and higher secondary level is only 10 percent.

4.3.3 Age-Ratio of the workers

The workers are belongs to the different age group.

Table: 4.3.3
Distribution of Workers by Age

S.N.	Age group	No. of Workers	Percentage
1	Below 15	8	16
2	15-24	13	26
3	25-34	17	34
4	35-44	4	8
5	45+	8	16
Total		50	100

Source: Field Survey 2013

Table 4.3.3 shows the age group from 25-34 are larger in number i.e. 34 percent. Similarly in the age group of 15-24 are 26 percent, 35-44 are found 8 percent where as the above 45 years age group is 16 percent and below 15 age group is also 16 percent.

4.3.4 Choice of Biscuit Industry for the Employment

The large masses of people in Dharan municipality are employed in main occupation and works. Here are different types of Cottage industries and with the help of it many people has got employment. Here the question comes why

you select the workers to work in the biscuit industry as a sector of employment? With which the following table is set to deal.

Table: 4.3.4
Selection of Biscuit Industry

S.N.	Selection of Biscuit Industry	No. of Workers	Percentage
1	Experience	8	16
2	Simple work	11	22
3	Not get other job	20	40
4	other	11	22
Total		50	100

Source: Field Survey 2013

The table 4.3.4 has shown the causes behind the biscuit industry for employment. In which 16 percent are selected with the help of experience, 22 percent are selected with the simple work in industry, whereas there are 40 percent of workers who have not get work in other places and 22 percent are for other reasons. Through which, what is shown that for the workers of the biscuit industry there is no causes and differences if they are not experienced to work in biscuit industry. There need not more physical work and if is limited to small working hours. Just so, it is found that the working in biscuit industry is taken as an easy work and if is found that such types of industries have got their success to create the employment.

4.3.5 Expenditure Sector

Human being spends their money in many sectors. For an example household expenditure, study, entertainment etc. the expenditure sector of the workers of the biscuit industry is shown in the table below.

Table: 4.3.5
Expenditure Pattern

S.N	Expenditure Sector	No. of Worker	Percentage
1	Household consumption	18	36
2	Entertainment	8	16
3	Self consumption	10	20
4	Other	14	28
Total		50	100

Source: Field Survey 2013

According to the table, 36 percent workers spend their money for household consumption, 16 percent workers spend in entertainment and 20 percent workers spend for their own needs but 28 percent workers spend in other sectors.

4.3.6 Employment Status before working in the Biscuit industry

Human beings do different types of works according to their qualification, experiences, efficiency and suitability. They can hold another occupation if they are not satisfied with the ongoing work. The status of the workers before the employment in the biscuit industry is shown in the following table.

Table: 4.3.6
Employment Status before Working in Biscuit Industry

S.N.	Pre -work Situation	No. of Workers	Percentage
1	Yes	20	40
2	No	30	60
Total		50	100

Source: Field Survey 2013

In the table 4.3.6, it is shown that the status of the workers before the employment in the biscuit industry is 40 percent and 60 percent has not any employment. It is shown that causes behind leaving there former employment is hard work, excess physical work and not sufficient wages etc. therefore what is shown from the above table is that such types of industries are providing the employment for the unemployed people.

4.3.7 Income Sources of the Other Family Members

As many members of the family are employed due to economically efficient. It is very hard to settle the family with the income of the single person. The table below shows that the others members of the workers family have or have not any employment.

Table: 4.3.7

Family Member's Job Status

S.N.	Family Members Job	No. of Workers	Percentage
1	Yes	33	66
2	No	17	34
Total		50	100

Source: Field Survey 2013

In the table 4.3.7, it is shown that 66 percent of the other member's workers families have their income source and 34 percent have not. The other members of the workers family are living their lonely life that has not any employment.

4.3.8 Saving Pattern

The workers save some money from their income to make easy their future uncertainty. The saving pattern of the workers is shown in the following table.

Table: 4.3.8
Saving Pattern

S.N	Saving	No. of Workers	Percentage
1	Yes	15	30
2	No	35	70
Total		50	100

Source: Field Survey 2013

The table 4.3.8, shows the saving pattern of the workers among than, 30 percent workers save form their income whereas 70 percent have not any saving. The main cause behind not saving is that they get the wages only form the working days and high price of the daily consumption goods.

4.3.9 Working Problem

Dharan municipality biscuit industries workers are facing many problems Such as low salary, long time working hours, hard work etc. which is shown in the table below.

Table: 4.3.9
Working Problem

S.N	Problems	No. of Workers	Percentage
1	Low salary	12	24
2	Long work time	19	38
3	Hard work	7	14
4	Other	12	24
Total		50	100

Source: Field Survey 2013

According to the table 4.3.9, is shown that, 24 percent workers are facing the problem related to the low salary, 38 percent workers are facing the problem of

long time working, 14 percent workers have hard work and 24 percent are facing other problems.

4.3.10 Satisfaction with Occupation

The biscuit industries workers satisfaction with occupation is shown in the following table.

Table: 4.3.10
Satisfaction with Occupation

S.N.	Satisfaction with Job	No. of Workers	Percentage
1	Yes	34	68
2	No	16	32
Total		50	100

Source: Field Survey 2013

Table no 4.3.10, shown, 68 percent workers are seemed satisfied with their occupation and 32 percent workers are seemed unsatisfied. According to the view of satisfied workers; working for the long time and familiar with the work they are satisfied, whereas the unsatisfied workers views that they have to search for the occupation in the market for the long time as well as they have lack of training and lack of money which is the main cause for them for not leaving the un going occupation.

CHAPTER -FIVE

SUMMARY, CONCLUSION AND RECOMENDETION

5.1 Summary

CSIs have a long tradition in Nepal. Till the beginning of 20th century, it was ever- expanding and had monopolized Tibetan market. Institutional attempts were made both in pre- Rana and post-Rana period to develop this sector. These CSIs are fruitful in Nepal due to the different aspects such as territorial, economic, social etc. more than 90 percent of industries can be categorized as small and cottage industries. There is enough possibility of improving these small industries. In the context of Nepal, small and cottage industries are quite enough to eliminate poverty and to develop the nation economically. Thus moral, legal and process wise reformation of small and cottage will help to increase domestic product and employment of the nation.

The CSIs have been one of the priority sectors of Government for last thirty years i.e. from the beginning the six plan (1980-85). The industrial policy and industrial enterprise Act have given various fiscal and non- fiscal incentives to this sector.

This study is undertaken though the primary data collected by questionnaire technique from the Dharan municipality of Sunsari district where small and cottage industry made significant change on the entrepreneur's livelihood. Through study area does not encompass a wider range and study is limited within only biscuit industries, it tries to figure out the main problems and prospects of labour employed, Production, marketing in these industries. It hopes that this research will be helpful and will play a vital role for the identification of the problems and solution of the problems of the study area.

While analyzing the labour selection process in Biscuits industries of Dharan municipality, it is found the most of the labours are selected from kith and kin

relationship. Similarly there is very few person are selected from free competition. The labours work for 8-10 hours in a day which is maximum than the international standard. But the other facilities provisions are nearer to such laws and regulations.

Through the study it is found that in 60 percent of the industries due to the lack of adequate no of labours there is the higher workload. In these industries maximum of them more than 60 percent have adopted traditional technology; where only 40 percent of them have adopted new technology. Similarly, 40 percent industries started their industry with the investment of 50 thousand, 40 percent industries are started with the investment of 1 lakh and rests i.e. 20 percent are started from more than 1 lakh. Maximum of the industries demand status is high. There is not any industry which has lower demand status. 50 percent of their supply of raw materials is from local resources where as 30 percent industries supply there raw materials from internal and external sectors. In the industries, only 40 percent owners have got formal training which is required in their business and rest of the others are running their industries without any formal training.

The profit earned from the industries is used in domestic purposed for the continuation of the same industries and other sectors. Where 40 percent owners are the amount in their domestic purpose and the other 30 percent and 20 percent are the money in same industries and other sectors.

Primarily the main problem of these industries is lack of the market which is faced by 25 percent of the industries similarly lack of capital, lack of skilled manpower, traditional technologies to the other problems of their industries. But we cannot see any difficult regarding the transportation facility in the study area.

While analyzing gender and age group of the labours, there are 70 percent male and 30 percent females and there are 26 percent labours that belong to 15-24

age group and 34 percent fall on 25-34 age group. There are only 16 percent labours below 15 years and 16 percent of them are above 45 years, on the other hand regarding the educational status of the labours 10 percent of them have got high school education. There are also 20 percent people who are illiterate and the remaining are literate⁴. The reason of choosing Biscuit industry as the employment source by labours as well as due to unavailability of the works in other fields. Among the total labours 40 percent labours before working in there Biscuit industries were engaged in other works but 60 percent of them had not any works. Similarly 66 percent labours family members are engaged in their employment sectors but 34 percent labours have not any family member employed in other sectors.

Among the labours 30 percent of them have saving but other 70 percent have not any saving among. 36 percent labours income is spent on household expenditure. 20 percent labours are spent on personal requirement and remaining labours amount is spent on other sectors. Regarding the problems of the labours 38 percent have higher workload, 24 percent have low income 14 percent face hard work and remaining face other problems. Among the total labours 68 percent are satisfied on their present work and other 32 percent are dissatisfied.

5.2 Conclusion

- i) Due to nepotism and favoritism lack of free competition in selection of manpower.
- ii) Due to unskilled manpower have associated many problems in operation of these industries.
- iii) Senior age group and male dominated society has made excluded opportunities to female labors.
- iv) Seemed, the labors are sickness of suitable salary .

- v) Seemed, these Biscuit industries have applied modern technology but have problem to skilled manpower and goods sells market.
- vi) Lack of support of financial institution and share holder in operation of small like industries.
- vii) Seemed, the entrepreneur have compelled to loan from local money lender in high percent o f interest.
- viii) The lack of the financial support by financial institution showed not well developed such as cooperative and bank.
- ix) Showed, far from put proper attention toward the Biscuit industries of Sunsari from NGOs, INGOs and other developmental partner.
- x) Showed, all products of the industries used to sell in local market, couldn't reach their products in international market.
- xi) Seemed, industries suffered from demand market seasonally.

5.3 Recommendations

- a) To improve Employment situations
 - i) Selection process should be far from nepotism and favoritism, should be free competition.
 - ii) Employers should increase their employee quota, should give opportunities both male and female equally.
 - iii) Promote the basic salary of labors that associate well devotion of labors in their works and respected industries.
 - iv) Promote the working period of the industries as labors of international standard.

v) Provide the equal salary as compare to male and female.

b) To improve financial Situation

i) Each and every Small cottage industry should increase their investment to support of industries.

ii) Maintain and increase the role of NGOs, INGOs and other developmental partners including financial institution and organization to support in operation of Industries.

iii) For the better increase demand of Goods, should lunch the program as counseling, training, price support program market facilities for the stakeholder.

c) To improve production and marketing situation

i) Mostly, industries should use local raw materials instead other materials. This helps to determine low cost of product. Due to low cost product can sell easily in local markets do not reach in extra national and international market.

ii) Industries owner must be investing their all capital in their own industries for betterment and support of company.

iii) Owner should select skill main power for company.

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APPENDIX- I

Problems and prospects of small and cottage industry

(A case study of Dharan municipality)

Questionnaires for Entrepreneurs

A) Entrepreneur's profile

Name:-

Age:-

Sex:-

Address:-

Name of Industry:-

Date of establishment:-

B) Distribution of labor employment

1. Employee pattern by sex

a) No of male worker [] b) No of female worker []

2) Employee pattern by age

a) Less than 15 years [] b) 15-24 years []
c) 25-34 years [] d) 35-44 years []
e) More than 45 years []

3. Is the employed laborers are sufficient

a) Yes [] b) No []

4. If not, what is the reason of insufficient labor?

a) Lack of financial resource [] b) few laborers in the market []
c) Others []

5. How do you select the labor hired?

a) Free competition [] b) family related person []
c) Experience [] d) Other []

6. Working hours per day?

a) 4-6 hours [] b) 6-8 hours []
c) 8-10 hours [] d) More than 10 hours []

7. Is there any difference among male and female laborers salary?
 a) Yes [] b) No []
8. If yes, how much difference they have?
 a) Less than 100 rupees [] b) 100-399 rupees [] c) Above 400 rupees []
9. What types of problems that labor employed may have faced?
 a) Low salary [] b) Gender discrimination []
 c) Sex violence [] d) Other

C) Financial Resources

1. Is the earning from your industry, main economic source for your family?
 a) Yes [] b) No []
2. In which sector, you have invested your saving?
 a) land/house [] b) Ornament [] c) Entertainment []
 d) Studying children [] e) others []
3. Are you providing with other facilities except salary to the laborers?
 a) Medical [] b) child care [] c) Maternity leave []
 d) Protection mask [] e) others []
4. Have you taken loan to run this industry? If yes, from where?
 a) Banks [] b) financial institution [] c) cooperatives []
 d) Local money lender [] e) other []
5. If you got government support, than what type?
 a) Counseling [] b) Loan [] c) price support []
 d) Storage [] e) Others []
6. If you got support from NGOs/INGOs than what types?
 a) Counseling [] b) Loan [] c) Training []
 d) Storage [] e) Others []
7. How do you utilize the profit of your business?
 a) Promote the same industry [] b) For household consumption []
 c) To fund other industry [] d) For other purpose []

D) Production

1. What do you feel about physical condition of the factory?
 - a) Dirty []
 - b) Congested []
 - c) Dark []
 - D) Dusty []
2. How much did you invest at first?
 - a) Below 50 thousand []
 - b) 50 thousand -1 lakhs []
 - c) Above 1 lakhs []
3. Have you got any training related to your industry?
 - a) Yes []
 - b) No []
4. If yes, how much time?
 - a) Less than 6 month []
 - b) 6-12 months []
 - c) More than 12 months []
5. How is your investment going on?
 - a) Increased []
 - b) Constant []
 - c) Decreased []
6. Have you used modern technology?
 - a) Yes []
 - b) No []
7. What is the main problem for production activities in your factory?
 - a) Lack of capital []
 - b) Lack of skilled manpower []
 - c) Traditional technology []
 - d) Limited market []
 - e) Transportation []
 - f) Both a and d []
8. Have you getting the raw materials properly?
 - a) Yes []
 - b) No []
9. How do you get the raw materials?
 - a) Local source []
 - b) Imported source []
 - c) Both []
10. In your opinion, what are the remedies to solve the problem?
 - a) Loan facility []
 - b) Price support []
 - c) Training []
 - d) Counseling []
 - e) Market facility []
 - f) others []

E) Marketing

1. Where do you sell your products?
 - a) Businessman []
 - b) With in the municipality []
 - c) Within district []
 - d) Out of district []
2. What is the demand condition for your products in the market?
 - a) High []
 - b) Moderate []
 - c) Low []
3. If high, why?

- a) Lower cost [] b) High quality [] c) Others []

4. If low, why?

- a) Higher cost [] b) Low quality [] c) Others []

5. Is your business affected by seasons?

- a) Yes [] b) No []

F) General Information of Worker

1) Name: Cast: Age:

2. Marital Status:

3. Education:

- a) Illiterate [] b) Literate [] c) Primary []

- d) Secondary [] e) Higher Secondary []

4) How did you select the biscuit factory?

- a) Experience [] b) simple Work []

- c) Not get other job [] d) other []

5) Where you involved in other job before joining this factory?

- a) Yes [] b) No []

6) In which field do you expend your income?

- a) Household consumption [] b) entertainment []

- c) Self consumption [] d) Other []

7) Do you save your income?

- a) Yes [] b) No []

8) What problem are you facing being in this factory?

- a) Low salary [] b) Long work time []

- c) Hard work [] d) Other []

9) Are you satisfied with your job?

- a) Yes [] b) No []

G) Government policy

1) Do you know about the government policies regarding cottage and small scale industries?

- a) Yes [] b) No []

2) Do you think that government should help to uplift these type of industries?

a) Yes [] b) No []

3) Do you found any major difference in industrial policies after the government changes?

a) Yes [] b) No []

H) Infrastructure

1) What kind of industrial building do you have?

a) Concrete building [] b) Wooden building []

c) a cottage []

2) Do you have good transportation facility for marketing in rural areas?

a) Yes [] b) No []

3) Do you get good acerbity of electricity?

a) Yes [] b) No []

4) What is the educational background of labour?

a) Literate [] b) Illiterate [] c)SLC []