CHAPTER-I

INTRODUCTION

1.1Background of the Study

The history of the use of Footwear by human kind can be traced back to the ice age about 5 million years ago. Due to unkind weather conditions the need for footwear started growing. Other evidences show that footwear came to use at the end of the Paleolithic Period, at about the same time the early humans learned the art of leather tanning. Earlier footwear was made of wrappings of dried grasses and only later on the art making footwear from pieces of leather was developed. Until the mid-nineteenth century shoes were made as straights i.e. there was no distinction made between the right and left shoes. The left and right footwear were identical and hence could be worn on either foot. Only prolonged usage shaped them into right and left boots. The right and left shoes were invented by a fashionable boot maker, William Young from Philadelphia in 1800 BC. The first crafted footwear is the Sandals, which are known to be the successors to these wrappings. In India these Sandals were called as Padukas, which were mainly worn by the Saints. (Kumar, 1997).

Over centuries many varieties of footwear were made in the Himalayan region in order to protect the feet from cold weather. Footwear was made of leather, wool or remains of the plants. Since most part of India is warm, footwear was not a necessity and therefore Indians were barefooted for many years. Innumerable references to foot worship in Indian culture convey the impression that the foot is regarded as an important part of the human body. Touching the feet of elders was considered as the height of good manners. It was considered as a civilized behavior. Until half a century ago, India was described as a barefoot country. They were characterized by such toughness of foot that they can travel for long distances without any discomfort. It seems likely that the cultural adjustments lead to the adoption of footwear. Furthermore, the ascetic Hindu, Buddhist and Jain sects were not generally permitted the worldly luxury of footwear. Therefore footwear was considered as a luxury until half a century ago. But even then India was known for its traditional craft of footwear making. (Vamshi, (2005)

The Nepalese Footwear sector is a promising one with tremendous opportunity for growth both in the international and domestic market. With low production cost, high labour force, easy access to raw material (approximately 20% domestic 80% from China and India), evolving retail system, buying patterns and huge consumption market, this sector is posed to grow to great heights. But this market is highly fragmented. The unorganized sector dominates the industry posing a threat to the organised players. The Nepalese consumers have become more discerning these days. The double income stance, increased disposable income among the urban middle class, brand and fashion consciousness due to globalisation have all led to changing lifestyle of the Nepalese consumers.

It is said that when Tomas Bata, a chez shoe entrepreneur, visited India in the early 20th century, he saw an immense demand for shoes because of the millions of barefooted people, and this led him to establish the first shoe factory in Kolkata in 1931. With more than 7,000 employees it was the largest shoe factory in India at that time. There is a place called Batanagar dedicated to his memory in Kolkata (Sarkar, 2012).

Nepal's situation was not different from India. Even till the early 1960s, the Nepali people had not cultivated the habit of wearing shoes. If you wanted to see someone wearing shoes, you had to look for somebody from an elite family or go to Tundikhel in the early morning to see people in uniform drilling. The common people just walked around barefooted. Over the last three to four decades, things have changed upside down. Now, it is rare to see someone going around barefooted. A research study was conducted on demand foresting in 10 cities in Nepal has projected demand for 2.7 pairs of shoes and 2 pairs of slippers per person per year with an average footwear spending of Rs 2,500 annually. With a population of 30 million, one can fairly predict the scale of demand for footwear in Nepal. The figure is something like 50 million pairs of shoes per year. In money terms, this is liked Rs 8-10 billion. Unlike other products, demand for shoes is stable and perennial, there is simply no fluctuation (LGFMAN, 2012).

In the 1970 and 1980s, as was the case with many products, the Nepali people craved foreign shoes. Bansbari Leather and Shoe Factory, a state-owned shoe factory built with the assistance of the Chinese government in 1965, could not compete with cheap

imported shoes and, after remaining sick for ages, was finally privatized in 1992. With Bansbari being dismantled, came the private sector into the market. The scenario is totally different today. Shoemakers may be at the bottom of the Hindu caste hierarchy, but not entrepreneurs. Sounds like economy and technology have cast aside social barriers. One found many so-called high-caste entrepreneurs in the shoe making business today.

Due to the changes in the business strategies being adopted by private shoe manufacturers-branding, advertisements, industrial fairs and exhibitions, sales warranty, after sales service and media campaigns consumer habits have changed from craving foreign shoes to Nepali brands. The situation has reversed to such an extent that if Nepali shoes used to be sold under foreign brands earlier, imported shoes are now being sold under Nepali brand names or simply with Made in Nepal labeling. Presently, nearly 55 percent of the domestic requirement for shoes is met by local products (LGFMAN, 2015).

School footwear is now completely dominated by Nepali brands. And these students, when they grow up, are expected to look for their favorite brands. This is where shoe entrepreneurs have literally hit a chord. More than a decade ago, Nepali products held a market share of a mere 5 to 7 percent. If in 2003, Rs 12 billion worth of shoes were imported, the figure has now plunged to Rs 2 billion. However, there is still a huge unmet demand for shoes (CNI, 2013).

The leather goods and footwear sector is basically a labor-intensive industry. It provides direct employment to around 50,000 people. With 45,000 retail outlets across Nepal, one can fairly imagine the scale of employment generated by the sector. There are about 800 factories of different scales of operations; 500 of them operating within the Kathmandu valley. Exports of leather and leather goods rank third in the list of the country's export items. However, the downside of the sector is that 90 percent of the raw materials are imported. To produce a single pair of shoes, one needs to import 36 components. Value addition seems to have come mainly from labour (FNCCI, 2014).

The Leather Footwear and Goods Manufacturing Association of Nepal (LGFMAN) has established a common outlet Nepali Shoe House for Nepali manufacturers, and is now aggressively looking for the "Made in Nepal" mandatory trademark for its

members. This is basically designed to compete with foreign shoes branded as Nepali products. Meanwhile, manufacturers said that labor shortages, competition from Chinese footwear and load-shedding have been hampering the growth of the industry. Industrial growth of footwear increased 2.5 percent in the last fiscal year (NRB, 2013).

1.2 Statement of the Problem

At present, footwear industries are attracted to produce leather footwear due to the interest of Nepalese consumer. Strategic management has been widely used by all enterprises to withstand fierce market competition. The strategic management process consists of three stages: strategy formulation, strategy implementation, and strategy evaluation. SWOT analysis of external opportunities and threats as well as the internal strengths and weaknesses of the enterprises is important for strategy formulation and development. The purpose of the analysis is to evaluate external opportunities and threats of footwear industries and whether an enterprise can seize opportunities and avoid threats when facing an uncontrollable external environment, such as price fluctuation, political destabilization, social transition, change in the law etc. The purpose of the analysis of internal strengths and weaknesses is to evaluate how an enterprise carries out its internal work, such as management, work efficiency, research and development, etc. If used correctly, SWOT can provide a good basis for successful strategy formulation. No research has been done to cover the issues on SWOT analysis of leather shoes markets in Nepal. The research has tried to express the impact of strength, weakness, opportunity, threat as well as external and internal factors of leather shoes markets in Nepal. This study tried to address the following research questions:

What are the areas of opportunities, threats, strength, weakness, problems and prospective in Nepalese leather shoes markets?

i. What are the value of import and export in Nepalese leather shoes markets?
ii. What kinds of contribution of footwear production on employment and output ?

1.3 Objectives of the Study

The general objective of this study is to explain the contribution of footwear products on output and employment generation in Kathmandu Valley. The specific objectives are as follows:

i. To analyze the trend of exports and import of footwear products of Nepal.
ii. To analyze the contribution of footwear products on output and employment generation in the study area.
iii. To explain the problems, prospects, strength, weakness, opportunities and threats of footwear production in the study area.

1.4 Significance of the Study

The study on contribution of footwear production on employment and output has its own importance to explore economic role employment level opportunities and threats of footwear production in Nepal. This study evaluated the level of output, investment, wages level and production possibility with the investment and technological impact on footwear industry in the study area. There are very few researches on contribution of footwear product on employment and output; it contributed to meet the gap here. This research contributed to a better understanding in the linkage between production employment and output of footwear product.

This study also provided technological aspect, government contribution on investment strategy, raw material production, production hub, creation of employment and enhance the local people income in successful way. It has a good resource of information and ideas for policy makers. It is also be a useful material for similar field workers and agencies (NGOs and INGOs, Government), who want to work in the field of footwear production activities and its utilization. It is also helped to the students for further researches, who were interested in the issues of footwear production. This study is able to provide guidelines and inputs for the possibility of footwear production and utilization of human manpower, investment of capital structure, technological aspect, and methods of production on footwear. The research fulfilled the demand for the requirement of Masters Degree in Economics as according to Tribhuwan University's Syllabus design.

1.5 Limitations of the Study

Despite of being huge significance, this proposed study is restricted to the following limitations:

i. The main limitations of this proposed study might be the lack of sufficient statistical data related to this study.
ii. The study limited within the major footwear industry and some footwear expertise and therefore the generalization of the result may or may not respect for the total footwear trend of Nepal.
iii. This study covered by representative samples and statistical data from leading footwear industry.

1.6 Organization of the Study

The overall study conducted has been divided into five chapters: Introduction, Literature Review, Research Methodology, Data Analysis and Presentation and Summary, Conclusion and Recommendations.

The first chapter is Introduction. This chapter includes general background of the study, statement of the problem, objectives of the study, limitations of the study, significance of the study, and organization of the study.

The second chapter is Literature Review. This chapter is developed for review of literature and research gap. In this chapter, literature reviews are collected through published and unpublished sources. Reviews from books, journals, thesis etc. are included in this chapter. This chapter tries to show the past studies related to contribution of footwear product on employment and output.

The third chapter is Research Methodology. This chapter includes conceptual framework, introduction of research area, and research design, sources of data, census procedure, and method of data analysis (tools of data collection and data processing and analysis).

The fourth chapter is data analysis and presentation. This chapter represents the findings of the research study. It is the main part of research that includes footwear product on employment and output.

The fifth chapter summary, Conclusion and Recommendations. This chapter includes Summary, Conclusion and Recommendations drawn from the study.

Finally there is list of references of related author and publication and appendices about the questionnaires of the field survey with in Kathmandu Valley footwear industry.

CHAPTER - II

REVIEW OF LITERATURE

There are different kinds of literature available on footwear product, employment, output and contribution on economy. In review of literature an attempt will be made to provide the theoretical foundation of the footwear product production in Nepal and its contribution on employment and output. In dealing with theoretical foundation from some books studies, magazines, reports articles and dissertations have been reviewed. For the purpose of the study of this subject, literature of various writers is viewed from the thesis presented by former students, reports and paper represented in seminars, bulletins, journals and information published by various concerned agencies and books on the concerned topic. The summary of outcomes of some of the studies has been illustrated here after.

2.1 Introduction

In general, footwear refers to garment worn on the feet, which originally serves to purpose of protection against adversities of the environment, usually regarding ground textures and temperature. Footwear in the manner of shoes therefore primarily serves the purpose to ease the locomotion and prevent injuries. Secondly footwear can also be used for fashion and adornment as well as to indicate the status or rank of the person within a social structure. Socks and other hosiery are typically worn additionally between the feet and other footwear for further comfort and relief.

Footwear is in use since earliest human history, archaeological finds of complete shoes date back to the copper age 5.000 BCE. Some ancient civilizations, such as Egypt however saw no practical need for footwear due to convenient climatic and landscape situations and used shoes primarily as ornaments and insignia of power.

The Romans saw clothing and footwear as unmistakable signs of power and status in society, and most Romans wore footwear, while slaves and peasants remained barefoot The Middle Ages saw the rise of high-heeled shoes, also associated with power, and the desire to look larger than life, and artwork from that period often depicts bare feet as a symbol of poverty. Depictions of captives such as prisoners or slaves from the same period well into the 18th century show the individuals

barefooted almost exclusively, at this contrasting the prevailing partakers of the scene. Officials like prosecutors, judges but also slave owners or passive bystanders were usually portrayed wearing shoes.

In the 1970 and 1980s, as was the case with many products, the Nepali people craved foreign shoes. Bansbari Leather and Shoe Factory, a state-owned shoe factory built with the assistance of the Chinese government in 1965, could not compete with cheap imported shoes and, after remaining sick for ages, was finally privatized in 1992. With Bansbari being dismantled, came the private sector into the market. The scenario is totally different today. Shoemakers may be at the bottom of the Hindu caste hierarchy, but not entrepreneurs. Sounds like economy and technology have cast aside social barriers. One will find many so-called high-caste entrepreneurs in the shoe making business today (NRB, 2013).

2.2 Empirical Review

Empirical review is based on observed and measured phenomena and derives knowledge for actual experience rather than from theory or belief. In these studies several fundamental issues are collected for this thesis related to the footwear sector.

2.2.1 International Context

Ahmed and Hqu (1990) has explored the reasons behind the fall of the US footwear sector and it emergence as a major importer of non-rubber footwear. The industry has declined in terms of output, number of firms and employment and therefore the imports had increased considerably. Over the period of years the wage rates have increased tremendously that has led to decrease in productivity as against the foreign countries especially the developing ones which enjoy a pool of low cost labor. Due to rising cost of labor, changes in the fashion trends of customers very frequently, the footwear manufacturers have started turning to automation techniques. With the customers becoming more savvy demanding high quality but smaller quantities, lower prices in very less time, the author in his study stresses on the need for incorporating robotics for manufacturing solutions.

Kumar (1997) has compared the manufacturing operations of the three companies namely ACTIS Engg, DESMA and Intelligent Machines Corporation. The study provides an insight into the superiority of the agile manufacturing system provided by

Intelligent Machines Corporation over the others as different materials are used in the manufacture of footwear. The other two operations do not support the use of soft and variable materials. Therefore incorporating agility in manufacturing system would support mass customization and reduction in manpower cost.

CBS (2002) has showed the rules of origin in NAFTA affected the non members and proved to be more advantageous to its member countries especially Mexico. The authors describe the slump in the textile and apparel imports from the North East Asian countries. Inspite of these discriminatory policies, still the footwear imports from the Asian countries have increased due to the rise in the productive capacity of the ASEAN countries. The ASEAN countries due to their low cost labour are taking advantage inspite of stiff competition from Mexico. The authors have suggested a model that can be implemented by the WTO and thereby ensure that the non member countries are not affected due to the NAFTA's restrictive rules.

Padmore (2007) has explored the process of developing competitive advantage by the SME's in the Mexican Footwear Industry. The authors have described the economic events that took place between the years 1985 – 1999 and the impact on the Small and Medium Scale footwear enterprises. The authors have argued that for achieving competitive advantage three important factors namely entrepreneurs' decisions, availability of resources, capabilities, and institutional support are mandatory. The authors have employed a case study method. The study captures the growth of SME's from 1985, the period when these enterprises were comfortable with the domestic market till 1999, when entrepreneurs with strategic vision capitalized on the market opportunities as a result of liberalization. Later many more entrepreneurs followed suite. The study clearly illustrates how the Mexican SME's in the footwear sector gained competitive advantage by establishing synergies between entrepreneurs, supporting institutions and strategies.

Ganguly (2008) has stated the significance of leather industry as one of the major industries of India having potential for further growth to earn maximum foreign exchange in coming years. It notes down the Indian profile of industry at national level and also counts its export potentialities. The study notes the importance of the industry for the benefit of weaker section of the society who can work and earn

livelihood in the same. Being one of the focused sectors in the Foreign Trade policy, the government's role is important is what the study concludes.

Curran (2009) has explored the impact of trade defense actions by the European Union on China on low cost goods especially textiles and footwear. The author in his study argues that such kind of trade defense actions against China has benefited other developing economies like India, Brazil and Indonesia than the European Union. According to the study, footwear imports by the European Union from India rose from 486.4 Euro Million in 2004 to 732.1 Euro Million in 2007 after the imposition of anti- dumping duties in China. The restrictions imposed on China have become a boon for other developing countries.

Martinez (2010) has focused on the outsourcing decision in the Spanish Footwear Industry. The study throws light on the transformation in the Spanish footwear market between the years 1975 – 1995, due to the entry of foreign competitors. The author observes that the firms outsourcing decisions depend on certain factors like the search cost, the intensity to innovate according to the customers' requirements and linkages with other institutions like the Chamber of Commerce or other public organizations. Further certain geographic areas are more preferred such as Vinalpo and Arnedo-Calhorra as they are considered as principal footwear districts. The study becomes very important in the present scenario of competition from other low-labor cost countries due to globalization. The Spanish footwear market is highly price sensitive. Therefore concentration is more on selecting low cost labour intensive partner. Investment on marketing or branding operations is normally postponed.

Heasun (2010) has focused on the pressure exerted by media, government and public for exploitation of labour in the clothing and footwear firms. As it was evident in the cases of Walmart and Nike for which they became infamous in the 1990's in United States. Therefore in order to incorporate fair labour practices, government and industry coalitions were formed. The author observes in his study that with accelerated pace of globalisation in clothing and footwear the vulnerability to competitive pressure increases and therefore sweat shop risks shall also increase.

Sarkar (2012) has expressed India is a country of artisans comprising of footwear clusters spread in many parts of the country. These clusters predominantly consist of small-scale manufacturers with skilled craftsmen, out dated technologies having less

access to automation. In a developing country like India, there exist tremendous opportunity for combining the artisanal touch with high technology. The products manufactured in these clusters are exported to medium price shops in America and Europe. By employing capital intensive manufacture, footwear produced in these clusters can also find a place in the high priced malls and boutiques in the International market.

CLRI (2014) has compared worldwide leather industry structured with SME's in general. They mentioned that the nations like Italy and Spain are in the forefront in the world market with their brand images on the basis of quality products while the LDC,s like India, Brazil and China emphasize cheap labour and low cost. India has a very high number of employees employed in this industry with number of associations and unions that represent the leather industry to high level. According to him every leather industry enterpriseis continuously influenced by social, cultural, technological, political and legal changes around them on both strategic and tactical terms in global arena. So in order survive, the leather industry should keep up the changes around, surviving and competing against its rivals. The role of non-profit associations and similar groups in leather sector has a lot to do, but the activities of such non-profit associations and groups are considered insufficient.

2.2.2 Nepalese Context

Giz (2017) showed the market analysis and international market enter strategy in ten selected international market and also shows the Nepalese footwear market current problem relating to production capacity where irrespective of size, are unable to run at optimal capacity due to power shortages. Despite the use of various backup like diesel based generators and inverters, the Industry`s optimum capacity in general stands at 60 percent. Another issue is productivity where Nepal does not produce finished leather that is suitable for the footwear sector. Machine and maintenance costs are higher, low capital utilization, lack of capital, technical personnel, supply chain concept is lacking where, in leather barely meets 20 % of the demand. The supply of buffalo hides is limited as Nepalese are used to eating this meat with the skin. Raw material include leather, sole, glue, and other accessories are mostly important from india, China, Taiwan, and Thailand. Poor policy making coordination are other factors contributing to low productivity. Availability of quality of labour force, labour cost, level of technology, infrastructure, and also market relating issues. This

report has also expressed the how to enter in international market and what are the opportunities, rule and regulation, market segment, target market, group analysis market positioning.

Nepal and Dhal (2017) have focused established the footwear zones, support for international marketing, skill development, introduction of the Nepalese youth in the footwear sector and implementation of collective trademark and NS trademark can this sector sustainable. All stakeholder, enablers and service providers should prepare joint action plan to develop footwear industry. Lack of database of footwear manufacturers and volume of production by type. so, a detailed national –level survey of this sector is required to find out the exact number of Nepalese manufacturers, volume of production, employment potential, per capita consumption and issues of the sector. The stake holders or service provider need to decide who should be given the responsibility. As in hydropower project, a provision of soft loan to small manufacturer through the Nepal Rastra Bank is recommended to motivate them to increase production and supply.

2.2.3 Act and Policy Review

Government also have formulated Aaudhogik Niti - 2067 to develop the industrial activity, creating the new employment, increase the level of income of people, and then contribution of industrial activity portion in national economy is higher. It helps to create employment, poverty alleviation and to change life style. On the basis of Aaudhogik niti 2067, government imposes the no work no pay rules which covers organization interest and benefit.

In order to enhance this sector the following objectives have been formulated.

Increase export of industrial, contribution of industrial sector in the balanced national and regional development, To establish industrial entrepreneurship as a sustainable and reliable sector by utilizing latest technology and environment friendly production process; To create strong basis of investment having developed productive human resources and managerial capacity required for industrial development thereby establish Nepal as an attractive place for investment in the South Asian region and in the world as well by; To protect industrial intellectual property rights, For Developing the industrials activity and increase the productivity government formulate some policy procedures and strategy which are as follows.

Assistance shall be provided to increase export of industrial products thereby contributing in foreign currency earning and balance of payment; Priority shall be accorded to develop or acquire new technology at national and industrial unit levels in order to enhance competitive capacity, quality and productivity of industrial products and services; The no pay for no work principle shall be followed as provided by the labour law with the objective of creating cordial relationship between employers and employees and to create additional employment opportunities and certainty by making the labour policy flexible with a view to enhance productivity having accepted the strengthened industrial relationship as a strong basis of industrial development.Additional facilities and concession shall be made available as incentives to export-oriented industries, industries established in Special Economic Zone, prioritized industries and industries established in least developed, undeveloped and under developed regions.Encouragement shall be given to engage in research and development in the areas of industrial information and communication, appropriate technology and bio-technology which have been emerging as new potential areas in the world. Special emphasis shall be given to promote the industries that use local resources, raw materials, skills, labor and technology. The industrial base shall be made strong and sustainable having identified and utilized the areas of competitive benefits and comparative advantage. For the protection of national industries, provision of encouragement shall be made for purchase by governmental and Government-owned agencies of the industrial products that involve at least 30 percent value addition in Nepal. Technical and financial assistance shall be made available to the industries that use environment-friendly and energy saving technology on their own costs; Special measures shall be taken to promote green industries and to make the established industries pollution free and zero to carbon emission; In order to attract creative youth talents in industrial enterprises to create opportunities of self-employment, capacity enhancement activities for development of industrial skills and entrepreneurship and sound industrial management shall be launched as a campaign.

System of avoidance of inconsistency with industrial development shall be followed while making and reforming macroeconomic policies, revenue policy, local tax and other sector policies and while affording protection, facilities and concession to industries, consistency shall be maintained with multilateral and regional agreements.

Industrial security force shall be formed and made effective for strengthening industrial security. The non-resident Nepali people shall be encouraged to invest in Nepal for protection, diversification and promotion of foreign investment and economic diplomacy units at Nepalese Embassies and missions located in the countries making more foreign direct investment shall be strengthened for promotion of industrial investment. The Investment Promotion Fund; Technology Development Fund; Micro, Cottage and Small Industries Development Fund and Sick Industries Revival Fund shall be established and operated in collaboration with private and cooperative sectors and Industrial Investment Protection Fund shall be established and operated for compensation of non-business and non-commercial risks. Institutional arrangement of institutions like Investment Board; One Stop Service Centre; Industrial Promotion Board; Industrial District Management Authority; Industrial Human Resources Development Institution and Nepal Business Forum shall be made for making available protection, facilities and concession to industries. Activities such as contract manufacturing, outsourcing, contracting out, franchising, ancillary and buy back shall be promoted so that they assist in increasing forward and backward linkages in production process. Effective body shall be established for protection of industrial intellectual property rights. Entrepreneurs shall be given special encouragement to use intellectual property.

2.3 Research Gap

Almost literature reviews shows that problems of industry, employment level and productivity. They show that the positive role of industry reducing poverty increases the national income through the industrial activities. That's why; this study will try to search that how footwear industries increase productivity, output and employment and also described the economic status.

CHAPTER - III

RESEARCH METHODOLOGY

3.1 Research Design

The study is conducted in Kathmandu valley only. Due to main hub of footwear production in Kathmandu valley and also lack of other area information. The research is deductive in nature. It will be quantitative as well. Both exploratory and conclusive research will be performed. Under conclusive research I will follow the descriptive research design because it will provide the clear understanding of the market characteristics.

The ultimate target of the study shows the contribution of footwear production on output and employment generation in Kathmandu valley. It also finds out the problem and prospective of footwear industry in Nepal. Which shows the possibility of growth and opportunity to develop? Mainly, the analysis is based on the result of the collected data where the specific area has been defined in the study. The design of the study is made to derive conclusion and answer to the subject matter. This includes the collection of data or information and their organization. After that the research has been designed to analyze both quantitative and qualitative data; which comprises different tools like Simple Mathematic tools; ratio, percentage, Regression analysis and used in production function along with the descriptive analysis. The research design also includes the interpretation of the findings which describes the relation between employment and output. The study has been designed in the way that it gives the exact and accurate relation between production variable which is quantity, employment and output.

3.2 Nature and Sources of Data

The study is based on both primary and secondary data and information which is derived from various resources from questionnaire, interview, and industry to industry visit at field to collect raw data and information, which meets the demand of the study. Where researchers collected required data and information collect from various published and unpublished materials by related organizations; publication of Central Bureau of Statistics, Nepal Rastra Banak, Nepal chamber of commerce, Footwear

Goods Manufacturing Association Nepal' reports has been the major sources of secondary data.

3.3 Study Period Covered

The study covered the period of eleven years from. 2005 to 2017. The year 2005 constitutes the first year of the study because it ensures uniformity in secondary data. The year 2017 constitutes the last year of the study being the latest year for which data are available for all the villages. Hence this study is only limited for the span of 2005 to 2017.

3.4 Population, Sample and Sampling Procedures

There are 185 footwear companies in Kathmandu valley as a size of population. Taking all the industry of the district as a population, a sample of industry which is 30 percent of the total population were selected as samples, using stratified sampling procedure, in which large footwear industry medium footwear industry and small footwear industry survey. The selected respondents 58 were interviewed personally with the help of a specially structured questionnaire. Necessary information including productivity, labor, output and economic information has been collected. The field survey has been conducted in 2018 whereas the data of 2017 was used.

Table 3.1 Sample Size

Locations	No. of Industries	Sample	Sampling Method
Kathmandu	129	40	Stratified
Bhaktapur	28	10	Stratified
Lalitpur	23	8	Stratified
Total	180	58	-

Source: Field Survey, 2018.

3.5 Tools and Technique of Data Collection

To collect primary data necessary for the study, direct interview has taken with the respondents using a structured questionnaire. The researcher has the advantage to recognize some of the corporate house with the help of footwear goods manufacturing association and other association, to required primary data has been collected from the field study by the researcher himself using the questionnaire method. Finally, the

collected data has been tabulated in a master table using spreadsheet and the processed according to the need of the study.

3.6 Data Organization and Process

Collected data and information from various sources is gathered, reviewed and then analyzed using the various tools. The data and information were tabulated in a master table and then processed and analyzed. Descriptive statistics, tabulation, graphical presentation were made by classifying, identifying, grouping and clustering the data to get the required results about output and employment of footwear production.

3.7 Tools and Technique of Data Analysis

Data analysis is the main part of the research study. It is an attempt to fully and accurately represent and summarize the data that has been collected. The quality of any research work depends upon the set of questionnaire, method of data collection and more importantly techniques used to analyze the data. Data analysis is the procedure of evaluating data using analytical and logical reasoning to examine each component of the study. This form of analysis is just one of the many steps that must be done while conducting the research work.

3.8 Specification of Model

The Cobb-Douglass production function enjoys several advantages. This function is widely used in economic literature and econometric applications. Among these advantages, the function is flexible in the number of input variables that the researcher uses to explore their effects on the production process. In addition, scale of economies can be estimated as restricted input coefficients that sum to one or without this restriction to reflect the type of scale for the economy, industry, state, firm, and so on. The other main characteristic is that the elasticity of substitution is unity. While keeping other inputs constant, the known formula of the production function in the economic literature is:

$$Q = AK^{\alpha}L^{\beta} \text{.....(i)}$$

By taking log both sides, it becomes

$$\text{Log } Q = A + \alpha \text{ Log } K + \beta \text{ Log } L + e$$

Where: Q, K, and L, are output, capital stock, and labor. A is technical or technological level, or total factor productivity. The parameters α, and β are the elasticity of output with respect to capital and labor, respectively. Also, these coefficients reflect the share of capital revenue in total production under perfect competition. In the case of estimating equation(i) without any restrictions, then if the sum of α, and β coefficients equal one, it is called constant return to scale, if greater than one it is increasing, and less than one it is decreasing return to scale.

3.9 Specification of Variable

Labor which denoted with (L), is major variable of production function, without labor, production is impossible so production output is determined by the level of labor so labor is independent variable in this study only direct labor is include which is used only for production process. Another variable is capital which denoted by (K), is also major variable of production function, level of capital also determining the level of output, where capital include invest on fixed assets, machinery, material, stock.

3.10 Hypotheses Testing

The various tools of data analysis are table, graph, percentage, ratio, average, correlation, regression, coefficient of determinants, and adjusted coefficient of return, t-test, F-test, Z- test, and D-W test. In order to draw the contribution of footwear of footwear product on employment and output researcher has set different hypothesis are present here.

H0: There is no significant relationship between quantity of output and labor and capital.

H1: There is significant relationship between quantity of output and labor.

CHAPTER – IV

PRESENTATION AND ANALYSIS OF DATA

Foreign trade plays an important role in the development of a nation. Countries today are involved into foreign trade to create employment opportunities, increase foreign exchange earning etc. Nepal, landlocked nation located between two giant and fast growing economies, is aiming to integrate fully into the global economy. Nepal has been the World Trade Organization (WTO) in year 2004. Nepal is also founding member of South Asian Free Trade Agreement (SAFTA) and is a signatory in different multilateral and bilateral trade agreements.

Nepal has trade relation with India and Tibet only before 1951 AD. The fall of Rana Regime and introduction of democracy in year 2007 BS was a turning point for Nepalese foreign trade. Then after, Nepal foreign trade volume is increasing year and the number of countries that Nepal trades is also increasing. Nepal has started economic liberalization and policy reforms, encouragements of private sector participation in economic development, foreign account convertibility in mid 1980's. However, Nepal is facing serious trade deficit problem as imports and continuously rising and exports are falling. Despite being member of various trade organization and trade agreements with many countries, Nepal lacks a favorable business environment that encourage manufacture and exporters to exploit full opportunity created by such membership and agreement.

4.1 Trends of Export and Import of Footwear Products

Nepal is now creeping stage on export of footwear product. Almost Nepalese footwear products are export in India. And import condition of footwear in both volume and value terms increasing in nature. As a result of increasing demand due to growing population and rising middle class, especially in Nepal, footwear import condition to rise over the every year.

4.1.1 Trends of Export of Footwear Products.

Footwear export has been increasing every year, except in FY 2009-2010, 2010-2011, 2015-2016 and 2016-2017 the export amount is 252.2 million in FY 2005-2006 and 1409.2 million in FY 2016 - 2017. The export destination has always been a single

country, India, which take up more than 99 percentage of the total export. Only two of the 1500 footwear manufacturing had export capacity under HS 6404.Table 4.1 and figure 4.1 shows the export performance of footwear for twelve years.

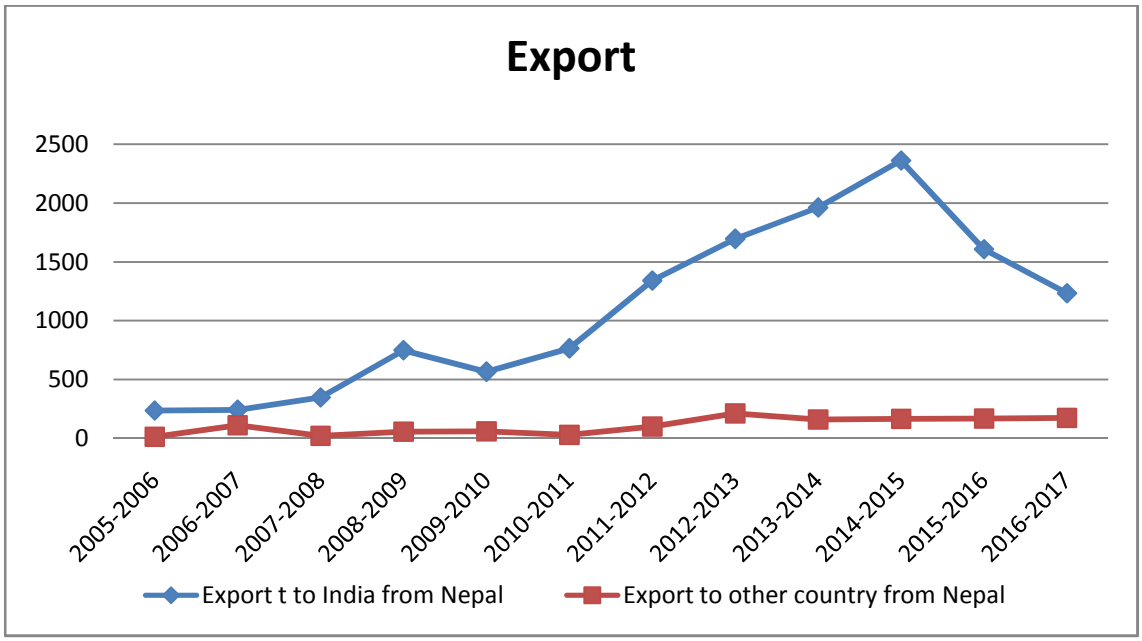
Table 4.1: Trend of Export of Footwear Product

Fiscal Years	Total Exports to India	Total Exports to other countries	Total Exports
2005-2006	237.8	14.4	252.2
2006-2007	244.4	111.1	355.5
2007-2008	348.6	22.9	371.5
2008-2009	750.1	58.2	808.3
2009-2010	568	59.6	627.6
2010-2011	765.7	29.6	795.3
2011-2012	1341.4	100.6	1442
2012-2013	1695.8	212.4	1908.2
2013-2014	1962.0	161.3	2123.3
2014-2015	2360.4	165.5	2525.9
2015-2016	1607.9	170.2	1774.2
2016-2017	1233.9	175.3	1409.2
AVERAGE	1093	106.75	1199.43

Source: Nepal Rastra Bank

Table 4.1 and figure 4.1 provide the information on the trend of export of footwear product categorized as export to India and other country.

Figure 4.1:



Source: Nepal Rastra Bank

Export is the function of international trade, in which the goods or services produced in one country or economical territory are sold or delivered to another country or economical territory. Export is one of the strongest weapons to make its balance of trade stronger. Export are the expected to promote growth by relaxing balance of payment constraints, enhancing the country's capacity to import essential intermediate and capital goods, and promote specialization and productivity gains through access to knowledge spillovers, advanced technologies, learning by doing, and better management practices.

Table 4.1 and figure 4.1 shows the growth trend of Nepalese footwear product since the fiscal year 2005-2006 to 2016/2017. In the fiscal year 2005/2006 Nepal's total export was Rs. 252.2 million where export to Indian is Rs 14.4 million. In figure and table we can analysis time period of 2006-2007 footwear product export is increase in 40.96% and reached Rs. 355.5 million. Respectively import is increases year 2007-2008 to 2015-20016 Rs. 371.5, Rs. 808.3, Rs. 627.6, Rs. 795.3, Rs. 1442, Rs. 1908.2, Rs. 2123.3, Rs. 2525.9, Rs. 1774.2 and year 2016-2017 export to India is Rs. 1233.9 million and total import is Rs. 1409.2 million. FY 2005-2006 to FY 2010-2011 was total export is below average and FY 20011-2012 to export is above average.

4.1.2 Trend of Import Footwear Products.

Import is function of foreign trade in which the goods or services that are not produced or not sufficient for the national consumption are bought from the international market. Import is the function of purchasing the goods and services for the use or consumption in the home country from the host countries. It has the direct influence in the balance of trade of an economy. Higher the import, poorer is the negative balance of trade of the economy.

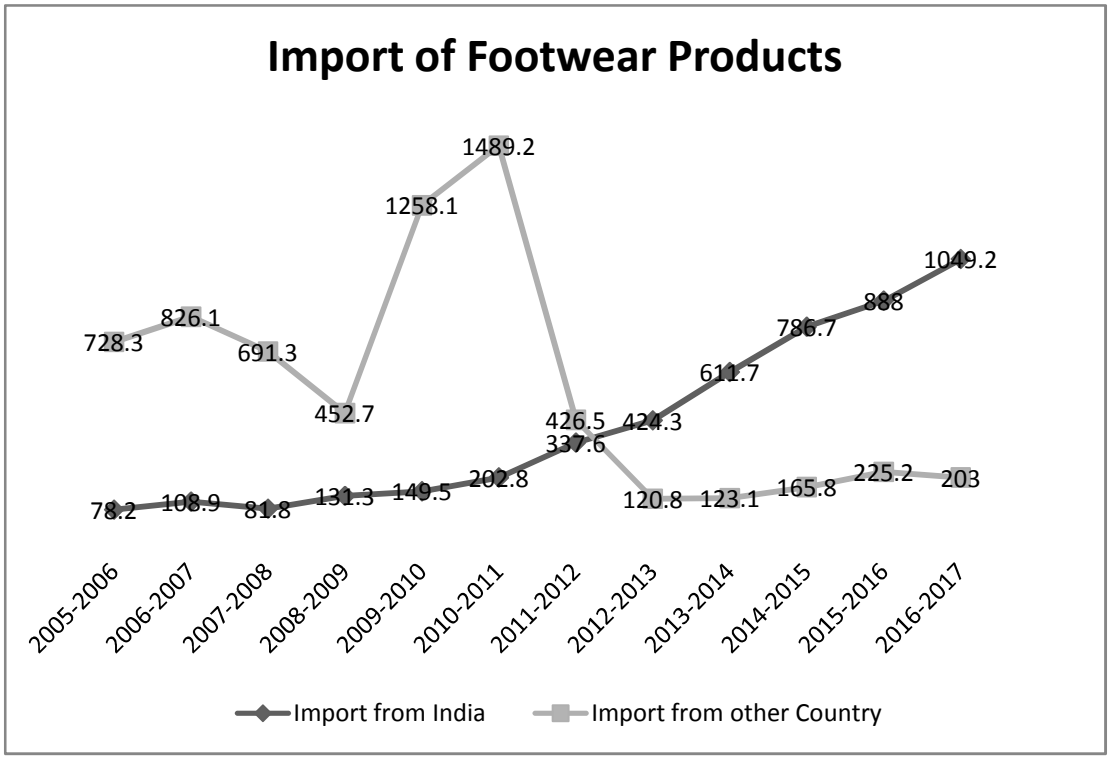
Table 4.2: Trend of Imports of Footwear Products

Fiscal Years	Import from India	Import from other Countries	Total Imports
2005-2006	78.2	728.3	806.5
2006-2007	108.9	826.1	935
2007-2008	81.8	691.3	773.1
2008-2009	131.3	452.7	584
2009-2010	149.5	1258.1	1407.6
2010-2011	202.8	1489.2	1692
2011-2012	337.6	426.5	764.1
2012-2013	424.3	120.8	545.1
2013-2014	611.7	123.1	734.8
2014-2015	786.7	165.8	952.5
2015-2016	888.0	225.2	1113.2
2016-2017	1049.2	203.0	1252.2
Average	404.67	559.18	963.34

Source: Nepal Rastra Bank

Table 4.2 and figure 4.2 provide the information on the trend of import of footwear product categorized as export to India and other country.

Figure 4.2: Trend of Import Footwear Products



Source: Nepal Rastra Bank

Table 4.2 and figure 4.2 shows the growth trend of Nepalese footwear product since the fiscal year 2005-2006 to 2016/2017. In the fiscal year 2005/2006 Nepal's total import was Rs. 806.5 million where Indian footwear contribution is Rs. 78.2 million. In figure and table we can analysis time period of 2006-2007 footwear product import is increase in 15.93% and reached Rs. 935 million. Respectively import is increases year 2007-2008 to 2015-20016 Rs. 773.1, Rs. 584, Rs. 1407.6, Rs. 1692, Rs. 764.1, Rs. 545.1, Rs. 734.8, Rs. 952.5, Rs. 1113.2 and year 2016-2017 import from India is Rs. 203 million and total import is Rs. 1252.2 million.

4. 1.3 Trend of Gap between Imports and Exports on Footwear Products.

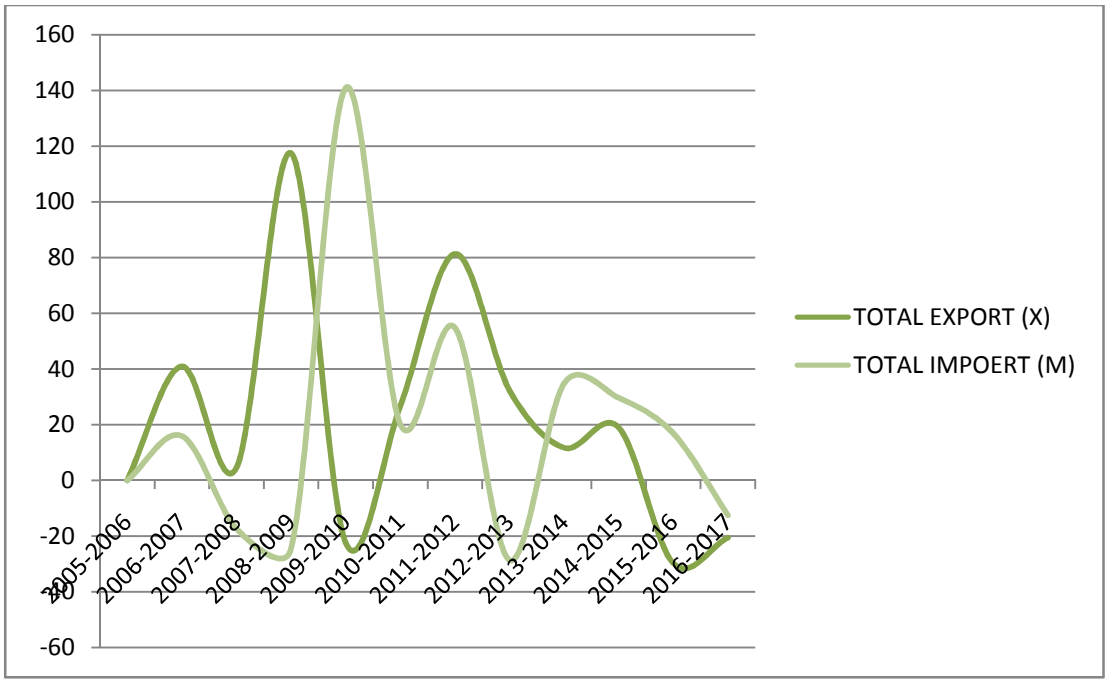
Table 4.3: Trend of Gap between Import and Export on Footwear Products

Fiscal Years	Total Export (X)	Total Imports (M)	Difference (X-M)	Annual % change	Annual % change
2005-2006	252.2	806.5	-554.3	-	-
2006-2007	355.5	935	-579.5	40.96	15.93
2007-2008	371.5	773.1	-401.6	4.5	-17.31
2008-2009	808.3	584	224.3	117.5	-24.56
2009-2010	627.6	1407.6	-780	-22.35	140.92
2010-2011	795.3	1692	-896.7	26.72	20.20
2011-2012	1442	764.1	677.9	81.32	54.84
2012-2013	1908.2	545.1	1363.1	32.32	-28.66
2013-2014	2123.3	734.8	1388.5	11.72	34.82
2014-2015	2525.9	952.5	1573.4	18.96	29.62
2015-2016	1774.2	1113.2	661	-29.76	16.87
2016-2017	1409.2	1252.2	157	-20.57	-12.49

Source: Nepal Rastra Bank

Table 4.3 and figure 4.3 provide the information about the trend of trade gap between export and import of footwear product. Export in modern economic is one for the basic tools for earning foreign currency, thus moving towards economic development. This research aims at finding out the factors that affect export and import. The main sources of data are Nepal Rastra bank report through the official NRB web site. Since the selected data was only available for and after 2004 AD, the available data was used for eleven year data (2005-2006 to 2016-2017).

Figure 4. 3 Trend of Gap between Import and Export on Footwear Product



Source: Nepal Rastra Bank

Table 4.3 and chart 4.3 shows the trade gap analysis. Growth trend of Nepalese footwear product since the fiscal year 2005-2006 to 2016/2017. In the fiscal year 2005/2006 trade gap is Rs. -554.3 million, respectively trade gap is 2007-2008 to 2015-20016 Rs. -579.5, Rs. -401.6, Rs. 224.3, Rs. -780, Rs. -896.7, Rs. 677.9, Rs. 1363.1, Rs. 1388.5, Rs. 1573.4 Rs. 661, and year 2016-2017 trade gap is Rs. 157 million.

4.1.4 Top 15 Leading Shoes Exporting Countries in the World

The share of footwear export is increase every year, with the total value of footwear export reaching US$ 9.1 Billion in 2017. There are several fast growing footwear exporting countries around the world. According to the market report titled Global footwear market; industry analysis, size, share, growth, trend and forecast 2014-2020, published by the transparency market research, the global footwear has valued at US$ 198782.0 Million in 2014, 20965.2 million in 2017 and 220227.9 million reached in 2020. Table 4.4 shows the 15 leading footwear exporting countries in the world.

Table 4.4: Top 15 Leading Footwear Exporting Countries in the World

Names of Countries	US $ in Billion	Total Percent
China	9.1	17.4
Italy	7.7	14.8
Vietnam	6	11.6
Germany	3.3	6.3
Indonesia	2.6	4.9
Portugal	1.9	3.7
France	1.9	3.6
Belgium	1.8	3.5
Netherland	1.7	3.2
Spain	1.7	3.2
Hong kong	1.5	3
India	1.4	2.7
Uk	1.2	2.2
Cambodia	720 million	1.4
Romania	671.5 million	1.3

Source: worldstopexport.com

4.1.5 Ranking in Footwear Exporting Countries in SAARC

India is the third largest footwear consuming country in the world after China and USA, but with very little separating the three, India is soon expected to be the second largest consumer. In SAARC India is the top of footwear exporting country and Nepal and Maldives is least in this list**.** Where, table 4.5 shows the Ranking in footwear exporting country in SAARC.

Table 4.5: Ranking in Footwear Exporting Countries in SAARC

SAARC RANK	Countries 2017	Ranking (world ranking)	Amount US $
1	India	12	9.1 billion
2	Bangladesh	16	$632.5 million
3	Pakistan	41	$84.9 million
4	Sri Lanka	67	15.4 million
5	Afghanistan	141	$26000
6	Nepal	145	$16000
7	Maldives	164	$5000
8	Bhutan	Na	Na

Source: worldstopexport.com

4.2 Status of Footwear Industries in Nepal

In recent years, the footwear sector has seen increasing production as well as promising export performance. Many footwear producing companies already exist and new investment is responding to increase demand. Some of the highly mechanised companies are targeting export markets due to decrease domestic demand after the earthquake. The footwear sector is labor intensive and provides good employment opportunities. The sector is also conducive to female workers and has minimum environment impact that is easy to manage.

According to department of industry, nearly two third of the 850 registered companies are small scale, followed by medium scale firms (approximately 30% of the total) larger scale industries represent approximately 4% of registered firms.

Footwear industry in Nepal has been growing since last two decades in Nepal. Currently, Nepalese footwear industry has capacity of 11 million pairs, employment capacity 60 thousands plus of which 30 percentage of woman. Export of Nepalese footwear were 8.59 million pairs and 2.36 Billion Nepalese rupees in value for FY 2071-2072 5.66 million pairs and 1.6 billion Nepalese rupees in the value for 2072-2073, 2.43 million pairs and 693 million Nepalese rupees in value for 5 months FY 2073-2074. The trend also shows that the exports from has been growing and has huge potential in future.

Kathmandu Valley is the major shoe production hub where maximum producers are located. Other major hubs are Biratnagar, Bhairawa, Birjung and to some extent Baglung. Indigenous Sarkis communities of leather artisans (cobblers) have been skilled in leather and shoes making for generations. These communities are exceptionally talented in design and craftsmanship. Due to the growing number of organized shoe they are gradually disappearing. So far, little has been done to capitalize on the sector's potential to become a large export earner.

4.2.1 Number of Footwear Industries in Kathmandu Valley.

Kathmandu Valley is the main hub of production of footwear products. In field survey 2017 180 manufacturing company are operating in the valley. Where table 4.6 and figure 4.4 shows the number of footwear industry in Kathmandu valley.

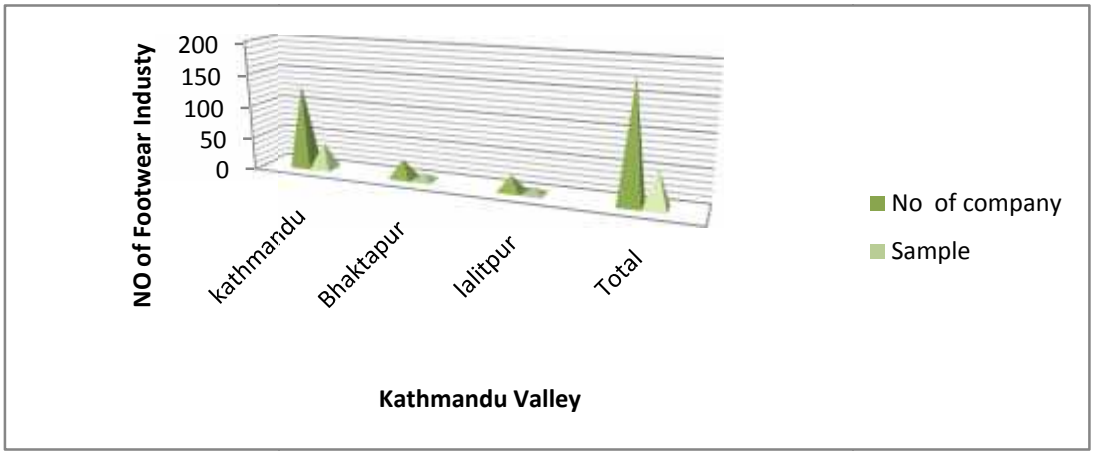
Table 4.6: Number of Footwear Industries

Kathmandu Valley	No. of Companies	Sample Size
Kathmandu	129	40
Bhaktapur	28	10
Lalitpur	23	8
Total	180	58

Source: Field Survey, 2018.

Table 4.6 and figure 4.4 provide the information about number of footwear industry in Kathmandu Valley.

Figure 4.4: Number of Footwear Industries



Source: Field Survey, 2018.

In Kathmandu Valley, 180 shoes manufacturing industry are operating where 128 in Kathmandu,28 industry are in Bhaktapur and 23 industry are operating in Lalitpur among these industry 40, 10, 8 industry is taken as a sample from Kathmandu, Bhaktapur, Lalitpur respectively.

4.2.2 Total Footwear Production in Kathmandu Valley

This section deals with total footwear production in Kathmeandu valley with in a fiscal year. Table 4.7 and figure 4.5which helps to know how much production in Kathmandu, Bhaktapur, and Lalitpur independently.

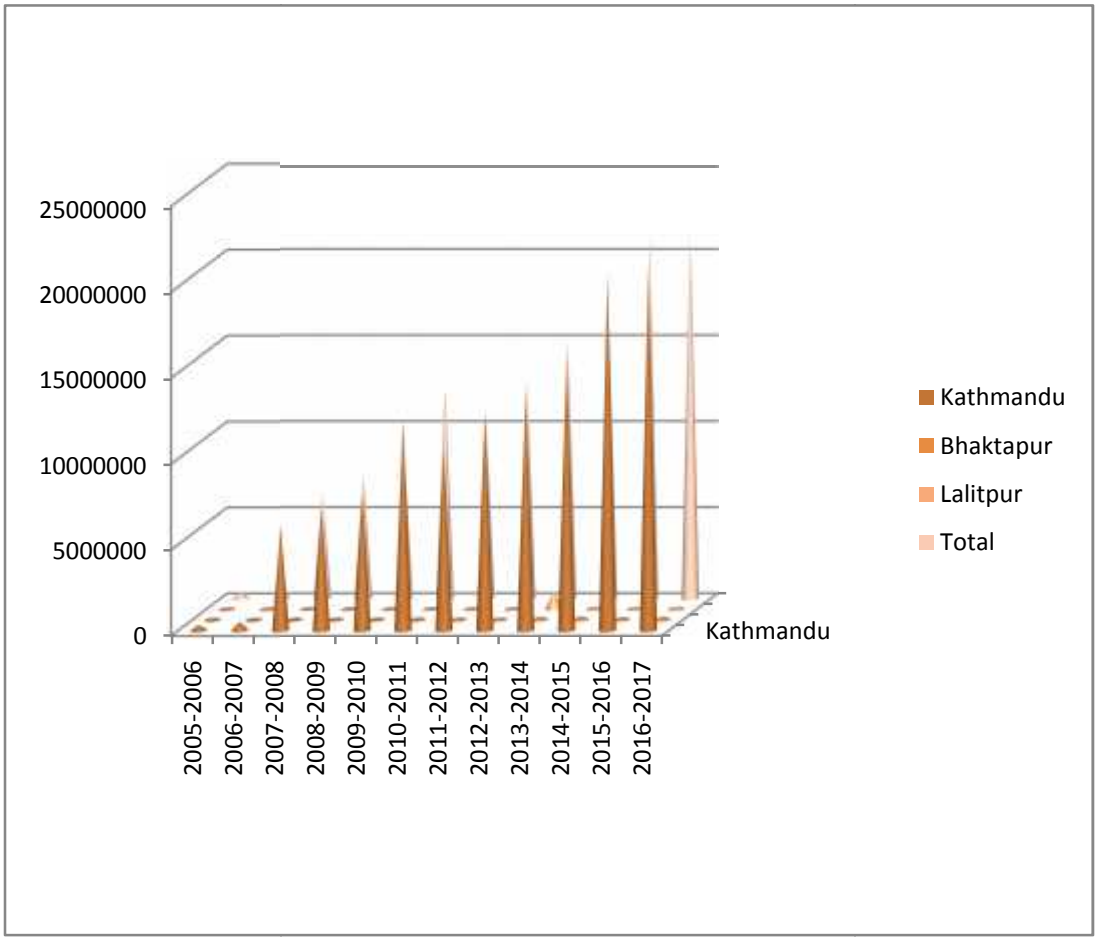
Table 4.7: Total Footwear Productions in Kathmandu Valley (in pairs)

Fiscal Years	Kathmandu	Bhaktapur	Lalitpur	Total
2005-2006	335375	12375	6750	354500
2006-2007	540865	10750	8950	560565
2007-2008	6106500	15375	12375	6134250
2008-2009	7150780	28725	25375	7204880
2009-2010	8235675	35000	40850	8311525
2010-2011	12303000	45378	42375	12390753
2011-2012	10536375	95375	70650	10702400
2012-2013	12696335	135000	102300	12933635
2013-2014	13835678	195000	1035000	15065678
2014-2015	15935677	225000	170000	16330677
2015-2016	20785635	170000	150000	21105635
2016-2017	20975000	200000	160000	21335000

Source: Field survey, 2018.

Table 4.7 and figure 4.5 provides the information about Total Footwear Production in Kathmandu Valley.

Figure 4.5: Total Footwear Production in Kathmandu Valley



Source: Field Survey, 2018.

Table 4.7 and figure 4.5 shows the total footwear producing in Kathmandu valley on pairs.Where production is includes fiscal year 2005-2006 to 2016-2017. Fiscal year 2005-2006 Kathmandu Valley total production is 35450 pairs. Fiscal year 2006-2007 Kathmandu Valley production is 560565 pairs. To analysis the table and figure Kathmandu valley footwear is increasing in nature and at the period of fiscal year 2016-2017 total production reached 21335000 pairs of shoes are producing in this period.

4.2.3 Investment on Footwear Industry.

Investment is another most important factor of any industry, level of investment determine the production capacity and its capital structure. Table 4.8 and figure 4.6 shows the 2005 to 2018 investment level of footwear industry.

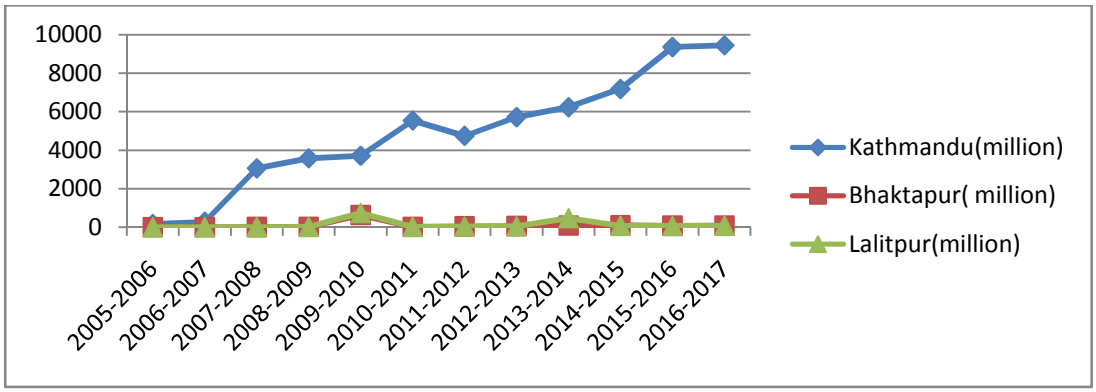
Table 4.8: Investment on Footwear Industry (in million)

Fiscal years	Kathmandu	Bhaktapur	Lalitpur	Total
2005-2006	167.6875	6.1875	3.375	177.25
2006-2007	270.4325	5.375	4.475	280.2825
2007-2008	3053.25	7.6875	6.1875	3067.125
2008-2009	3575.39	14.3625	12.6875	3602.44
2009-2010	3706.05375	630	735.3	149607.45
2010-2011	5536.35	20.4201	19.06875	5575.83885
2011-2012	4741.36875	42.91875	31.7925	4816.08
2012-2013	5713.35075	60.75	46.035	5820.13575
2013-2014	6226.0551	87.75	465.75	6779.5551
2014-2015	7171.05465	101.25	76.5	7348.80465
2015-2016	9353.53575	76.5	67.5	9497.53575
2016-2017	9438.75	90	72	9600.75

Source: Field Survey, 2018.

Table 4.8 and figure 4.6 provides the information about Total Investments on Footwear Industries in Kathmandu Valley.

Figure 4.6: Investments on Footwear Industries.



Source: Field Survey, 2018.

Table 4.8 and figure 4.6 Shows the investment level of Kathmandu valley where fiscal year 2005-2006, 1.77 million 2006-2007 to 2016-2017 investment in footwear is 280.2825 million, 3067.125, 3602.44, 3602.44, 149607, 5575.83, 4816.08, 5820.14, 6779.56, 7348.80, 9497.536, 9600.75 million respectively. To analysis this table and figure investment level of capital is increase in nature.

4.2.4 Level of Employee on Footwear Productions

Employee generally refers to the working in industry which is directly or indirectly involved in footwear production sector. Footwear sector is mainly on hand made sector so it needs basically skill level of employment so employee is backbone of any footwear industry. Table 4.9 and Figure 4.7 shows the structure of employment level from Fiscal year 2005 to 2017.

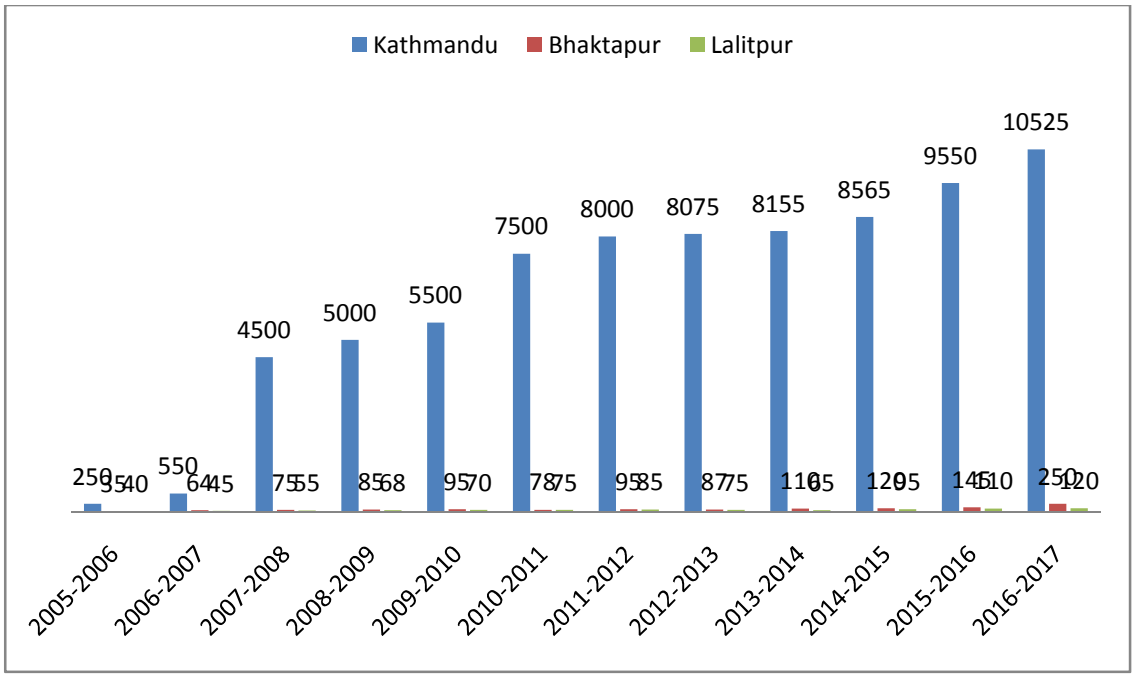
Table 4.9 Level of Employee on Footwear Productions

Fiscal Years	Kathmandu	Bhaktapur	Lalitpur	Total
2005-2006	250	35	40	325
2006-2007	550	64	45	659
2007-2008	4500	75	55	4630
2008-2009	5000	85	68	5153
2009-2010	5500	95	70	5665
2010-2011	7500	78	75	7653
2011-2012	8000	95	85	8180
2012-2013	8075	87	75	8237
2013-2014	8155	110	65	8330
2014-2015	8565	120	95	8780
2015-2016	9550	145	110	9805
2016-2017	10525	250	120	10895

Source: Field Survey, 2018.

Table 4.9 and figure 4.7 provides the information about Level of Employee on Footwear Productions in Kathmandu Valley.

Figure 4.7: Level of Employees on Footwear Productions



Source: Field survey, 2018.

Figure 4.7 and table 4.9 shows the total employment level of selected industry in research where fiscal year 2005-2006 only 325 worker are employed and fiscal year 2006-2007 to 2016-2017 659, 4630, 5153, 5665, 7653, 8180, 8237, 8330, 9805 and 10895 worker employee are employed respectively.

4.2.5 Gender Composition on Footwear Industries.

Population enumeration by gender composition is one of the demographic characteristics and provides meaningful demographic analysis. Gender composition largely reflects the underlying social, economic and cultural patterns of society in different ways. Table 4.10 shows the gender composition attribute of Nepalese and Indian Male and Female worker contribution on footwear production in Kathmandu valley Fiscal Year 2005 to 2017 data are included.

Table 4.10: Gender Composition on Footwear Industry

Fiscal Year	Nepalese Male worker	Nepalese Female worker	Indian Male worker	Indian Female worker	Total
2005-2006	150	25	150	0	325
2006-2007	350	50	257	2	659
2007-2008	1500	200	2927	3	4630
2008-2009	3000	500	1653	0	5153
2009-2010	3300	650	1711	4	5665
2010-2011	4000	1000	2653	0	7653
2011-2012	2200	1500	4479	1	8180
2012-2013	3500	2000	2737	0	8237
2013-2014	3400	2500	2428	2	8330
2014-2015	2800	3250	2722	8	8780
2015-2016	2500	3750	3551	4	9805
2016-2017	3000	4250	3640	5	10895

Source: Field Survey, 2018.

Table 4.10 shows the gender composition on footwear industry where male female and Indian male and female composition where in footwear production process female worker are also participation now a days, where fiscal year 2005-2006 Nepalese male worker 150 Indian male worker 150 and Nepalese female worker employed 25 only. At the period of 2016-2017 3000 male worker and 3640 Indian male worker and 4250 Nepalese female worker and 5 Indian female workers are employed.

4.2.6 Ethnicity Composition of Employment.

Ethnic group in Nepal are a product of both colonial and state-building eras of Nepal. The groups are delineated using language, ethnic identity or the caste system in Nepal. They are categorized by common culture and endogamy. Endogamy carves out ethnic group in Nepal. In the time of caste system of Nepal only Sarki produced shoes, now a days all caste are involved in production process of shoes which is described in table 4.11

Table 4.11: Ethnicity Composition of Employment.

FY	Bhramin/ Chattrai	Dhalit	Janajati/Adibasi	Indian	Total
2005-2006	5	100	70	150	325
2006-2007	9	285	106	259	659
2007-2008	45	600	1055	2930	4630
2008-2009	49	1249	2220	1653	5153
2009-2010	55	1324	2535	1715	5665
2010-2011	50	1425	3525	2653	7653
2011-2012	60	1365	2275	4480	8180
2012-2013	80	1250	4170	2737	8237
2013-2014	95	1565	4240	2430	8330
2014-2015	69	1628	4353	2730	8780
2015-2016	63	1865	4322	3555	9805
2016-2017	55	1695	5500	3645	10895

Source: Field Survey, 2018.

Table 4.11 shows the ethnicity composition on footwear production process where in this research analysis Bharmin/Chattrai, Dhalit, Janjati/Adhibasi and Indian categories. In this categories fiscal year 2005-2006, 5 Bhramin/Chattrai, 100 Dhalit, 70 Adibasi/Janajati and 150 Indian are employed and fiscal year 2016-2017 Bhramin, Dhalit, Janajati/Adibashi and Indian are 55, 1695, 5500 and 3645 workers are employed respectively.

4.2.7 Types of Skill on Employment

A skilled worker is any worker who has special skill, training, knowledge and ability in their work. A skilled worker may have attended a college, university to technical school. Or a skill worker may have learned their skill on the job. In the footwear production we have categorized by skill. Semi skill, non skill, administration, marketing and other level of employment table 4.12 shows this category.

Table 4.12: Types of Skill on Employment

Types of Employee	Kathmandu	Bhaktapur	Lalitpur	Total
Skill	5585	135	55	5775
Semi skill	2275	65	30	2370
Non skill	740	22	12	774
administration	1275	15	10	1300
Markting	525	10	8	543
Other	125	3	5	133
Total	10525	250	120	10895

Source: Field Survey 2018

Table 4.12 shows the type of skill employee used in production process of footwear. Where skill manpower is back bone of industry so that 5585, 135 and 55 skill worker employed on Kathmandu, Bhaktapur and Lalitpur respectively and semi skill worker are 2275, 65, 30 respectively, 740, 22, 12 non skill are working respectively, 1275, 15, 10 administration employee respectively 525, 10,8 marketing staff are working respectively and 125, 3, 5 other worker are employed respectively. Total 10895 employees are working footwear manufacturing industry.

4.2.8 Structure of Investment on Footwear Industries

Investment structure refers to way of investment volume of assets use in their company. It is varying with company to company according to their capacity, capital, market share and production target strategy. Where in Kathmandu valley investment structure are divide into five categories which is describe is describe in below table 4.13.

Table 4.13: Structure of Investment on Footwear Industries

Investment level	Kathmandu	Bhaktapur	Lalitpur
Below 25 lakhs	8	5	3
25-50	10	3	4
50-100	10	2	1
100-500	8	0	0
More than 500	4	0	0
Total	40	10	8

Source: Field Survey, 2018.

In this study on 58 company taken so table no 4.13 shows the investment level of sample company. Where below 25 Lakhs 8,5,3 company are operated in Kathmandu bhaktapur and Lalitpur respectively. 25-50 Lakh 10,3,4 company are established respectively. 50-100 lakh 10, 2, 1 industry respectively. 100-500 Lakh 8 companies are running in Kathmandu district and more than 500 Lakh only 4 companies operated.

4.2.9 Cost of Production on Per Pairs

Cost of production refers to the total sum of money needed for the production of a particular quantity of output. Cost of production on shoes is different with various factor which are as follows; availability of resources, skill manpower, accessibility of market, infra structure, and other factor. Shoes Company are described in table 4.14

Table 4.14: Cost of Production on Per Pairs (in Rs.)

Cost of Production	Kathmandu	Bhaktapur	Lalitpur	Total
Below 100	0	2	1	3
100-125	5	3	3	11
125-150	8	4	2	14
150-200	25	1	2	28
Over 200	2	0	0	2
Total	40	10	8	58

Source: Field Survey, 2018.

Table 4.14 shows the cost of production on per pair of shoes. Where below Rs 100 Kathmandu district is zero and 2 company in Bhaktapur and 1 company in Lalitpur district. In total 11 companies produced Rs 100-125 wages per pair. 14 companies pays 125-150; per pairs, 28 company pays 150-200 per pairs of production and over RS 200 only two company pays the amount, which is higher amount. Where fewer amounts of pays shows the low labor cost of production of shoes and high rate shows he high lever cost.

4.2.10 Analysis of Data

Table 4.15: Production Investment, and Labor (In Million)

Fiscal Year	Production (Q)	Investment (K)	Labor (L)
2005-2006	354500	177.25	325
2006-2007	560565	280.2825	659
2007-2008	6134250	3067.125	4630
2008-2009	7204880	3602.44	5153
2009-2010	8311525	149607.45	5665
2010-2011	12390753	5575.83885	7653
2011-2012	10702400	4816.08	8180
2012-2013	12933635	5820.13575	8237
2013-2014	15065678	6779.5551	8330
2014-2015	16330677	7348.80465	8780
2015-2016	21105635	9497.53575	9805
2016-2017	21335000	9600.75	10895
Average	11035792	17181.1	6526

Source: Field Survey, 2018.

Table 4.16: APL, MPL in Log (In Million)

Fiscal Years	AP_L Q/L	MPL	ln(Q)	ln(L)	ln(K)
2005-2006	1090.769		12.77846	5.783825	5.177561
2006-2007	850.6297	-0.71898	13.2367	6.490724	5.635798
2007-2008	1324.892	0.119431	15.6294	8.440312	8.028496
2008-2009	1398.191	0.140152	15.79027	8.547334	8.189367
2009-2010	1467.171	0.134726	15.93315	8.642062	11.91577
2010-2011	1619.071	0.076409	16.33246	8.942853	8.626198
2011-2012	1308.362	-0.58958	16.18598	9.009447	8.479716
2012-2013	1570.188	4.593434	16.37534	9.016391	8.669079
2013-2014	1808.605	2.563626	16.52793	9.027619	8.821667
2014-2015	1859.986	0.11418	16.60856	9.080232	8.902293
2015-2016	2152.538	0.285417	16.86505	9.190648	9.158788
2016-2017	1958.238	-0.17826	16.87586	9.296059	9.169596
Average	1534.053	0.5450	15.7616	8.4556	8.3978

Source: Field Survey, 2018.

We are now ready to characterized the productivity of the firm`s labor input. There are two retaliated, but distinct notions of productivity that we can derive from the production function. The first is the average production of labor, which we write as AP_L. The average product of labor is the average amount of output per unit of labor. This is the usually what commentators mean when they are about, say, the productivity of shoes production of the worker. Mathematically, the aver rage productivity of labor is equal to:

AP_L = total product/quantity of labor

$AP_L = Q/L$

AP_L= 11035792 / 6526

AP_L=1691.05

Where,

Marginal productivity of labor (MP_L)

$MP_{L)}= (AP_{L(2016-17)}- AP_{L(2015-16)})/(L_{(2016-17)}- L_{(2015-16)})$

$MP_{L(2016-17)}= (1958.238- 2152.538)/(10895-9805)$

$MP_{L(2016-17)}= 194.3/1090$

$MP_{L(2016-17)}= -17.826$

It shows that in a one year period of time one individual worker can produced 1691.05 pairs of shoes. We assume only 250 working days in this assumption one worker can produced 6.77 pairs of shoes daily.

REGRESSION

Table 4.17: Regression Statistics

Variable	*Constant and Coefficients*	*Standard Error*	*t Stat*	*P-value*
A	5.679228	0.38074066	14.91626	1.18E-07
log K	1.189827	0.071243766	16.70079	4.42E-08
log L	0.002576	0.046680582	0.055192	0.957191
Multiple R	0.994057	-	-	-
R Square	0.988149	-	-	-
Adjusted R Square	0.985515	-	-	-
Standard Error	0.162155	-	-	-
Observations	12	-	-	-

The first summary output table represent the value of R, the multiple correlation coefficient. R can be considered to be one measure of the quality of the prediction of the dependent variable; in this case a value of 0.994057 where K of coefficient is 1.1898 and L of coefficient is 0.00257 positive which shows the strong positive relationship and also indicates a good level of prediction.

The R square value also called the coefficient of determination, which is the proportion of variance in the dependent variable that can be explained by independent variable (technically, it is the proportion of variation accounted for by regression model above and beyond the mean model). We can see from our value of 0.9855 that

our independent variable explain 98.55% of the variability of our dependent variable. It means 98.8 % of the variation in Q is explained by K and L variable and 1.2% unexplained.

However, we also need to be able to interpret Adjusted R square (adj.R^2) to accurately report the data. We explain the reason for this, as well as the output, in our enhanced multiple regression guide.

Stander error measure of how far actual point of regression line.

Let, the regression line of Q on K and L be

$\text{Log } Q = A + \alpha \log K + \beta \log L$ ---------- (i)

Where, a and b are constants or regression parameters.

'a' is the intercept of the regression line which indicates the level of production at a zero level of investment.

'α' is the slope of the regression line which shows the increase in investment increase in quantity output , i.e., marginal propensity of investment.

'β' is the slope of the regression line which shows the increase in labor increase in quantity output , i.e., marginal propensity of labor

A= 5.679

α =1.189

β =0.00258

$Q=AK^{\alpha}L^{\beta}$……..eq (i)
By taking log both side, it seems
Or, Log Q= A+α Log K+β Log L+e
Or, Log Q= 5.679+(1.189*8.3978+0.00258*8.4556)
Log Q= 15.6925

4.3 Challenges, Opportunities, Strength, Weakness and Threats of Footwear Industries in Nepal.

4.3.1 Challenges

There are many challenges of footwear productive system inNepal as given below.

a. Challenges of Production and Productivity

Shortage and sustenance of skilled labor with upper stitching and lasting skills and designers is a key issue. Also, skill training at CTEVT doesn't take place in an industrial environment. The skill training curriculum is lump sum for all the processes, where the required level of skill for certain key production processes is lacking. So, segregated curriculum is needed. Long duration of power cuts, unpublished load shading schedule, voltage fluctuation problem either increase the production cost or hampers production. Development of footwear zones has not materialized.

As per GoN rules, there should be a security post wherever over 500 workers are employed. But it has not happened, and there some industries with as many as 2,500 workers. Imported raw materials are 100 percent costlier than the factory price. Buffalo leather is exported to India in wet blue stage without any value addition, which is afterwards imported with quality tanning. The investment capacity of manufacturer in the sector differs widely. Some have invested millions and some have invested low amount. Because of this, they are not able to invest in productive hi-tech machines and equipment. So lack of well-equipped common facility centers is hampering the quality and quantity of footwear production. To meet international standards, quality test laboratories are required, but not all manufacturers can invest in such laboratories, at the same time, felt-based manufacturers are facing problems in measuring the size of footwear as per European standards.

Supply of sub-standard raw materials by importers. More tariff rate on import of some raw materials compared to finished products. The raw materials imported for trading, manufacturing and for importer's consumption in their industries are subject to similar tariff. Lack of machines for measuring amount of leather traded remains a cause of quantity not being equal to the amount paid for. Lack of provision of soft loan for manufacturers like those in hydropower projects. A number of foreign

importer are coming forward for contract manufacturing, but because of lack of strict labor laws like those in garment industry in Bangladesh, Nepalese footwear manufacturers hesitate to take the risk of contract manufacturing.

b. Challenges of Domestic Market

Free import and sales of pirated brands of footwear in the market without any quality assurance and uncontrolled price, Difficulty in acquiring collective trademark from Nepal government, difficulty in acquiring NS mark for Nepalese footwear, under utilization of the leather goods manufacturing unit of the DoCSI and inability of Nepalese footwear to compete in design as desire by large numbers of youth are major challenges of domestic market.

c. Challenges of Export Market

Lack of opportunity to participate in international trade fairs, business meeting between Nepalese manufactures exported and foreign importers, Very little exchange visits between domestic and international footwear manufacturers. And Lack of knowledge about the international market access strategy.

Low quality design and volume of production to approach international market. No export subsidies like those provided to competitors in other countries (India provides incentive of up to 6% and china up to 17% to footwear exporters. Nepal doesn't provide subsidy for IC-using exporters. High rate of import tariff in the global importer, USA (leather shoes: 10% canvas: 35 welted leather 6%), high competition in international market with design, production volume and marketing intelligence.

D. Value Chain Enabling Environment and Policy Challenges

Policy is another guideline of developing any sector without good policy we can\t develop any sector in footwear sector weak control on import of footwear of pirated brands., NTIS 2016 does not speak about the development of small and micro- level manufacturers who are scattered all over the country, absence of a plan to support manufacturers of felt-based footwear, which manufacturer around 200,000 pairs of footwear annually and export them to European countries, the USA and Japan, and felt-based footwear products are not considered as footwear and an export potential. Handicrafts-based footwear manufacturers are not addressed, despite their major exporters in overseas markets, although on small scale. And unavailability of the data

on quantity of Nepalese footwear manufactured and on the exact numbers of manufacturers of all types of footwear.

4.3.2 Opportunities

Even with many problems, there are various opportunities of footwear products in Nepal as given below.

A. Opportunities for Production and Productivity

CTEVT is one of the enablers of the footwear sector and the GoN is taking initiative for required skill development for footwear production, DoCSI is taking initiative for curriculum development. A number of hydropower projects are being constructed is another positive point of production sector and the GoN has declared significant reduction in load shedding hours within a few years. Nepalese investors are attracted towards footwear manufacturing and the number of manufacturers is increasing. And provision of soft loan of Rs. 100-500 thousands through the DoCSI in 26 districts.

B. Opportunities of Domestic Market.

Increasing trust in Nepalese footwear as cheaper and durable. Increasing infra structure facilities to approach interior parts of domestic end markets. And improving designs and technology which is also opportunities of footwear sector.

C. Opportunities of Export Market.

The NTIS identifies footwear as export potential goods for 2016-2020.GIZ initiative to support implementation of the NTIS 2016 for the promotion with footwear export. Increasing global and domestic demands. Opening of new borders with china as trading route by GON as an effort of trade diversification.

D. Value Chain Enabling Environment and Policy Opportunities

NTIS 2016-2020 as a golden opportunities of Nepalese footwear. FNCCI, TEPC and MoC coordinating and increasing business relationship and environment. FMAN, LFMAN and Felt Association actively working for the benefit of member manufacturers. TEPC taking care of skill development training . GIZ initiative to support footwear export. MOI, MoF, DoC have become responsible for enabling footwear sector. SWOT Analysis of footwear Industry in Nepal.

E. Opportunities (external environment)

Increasing global fashion consciousness in footwear is opportunities of footwear sector, fashion as using different types of footwear for different purposes. Increasing global demand for footwear, with an annual growth rate of 1.90%. Asia is the largest footwear manufacturing and exporting region, with 42% coverage in global export and both production and export growth rate are increasing in Nepal. Possibility to enter bigger global markets since Nepal has experience with the ten leading importer countries. There is still domestic market gap of 58%. The realization that Nepalese footwear is cheap and durable and several domestic raw material manufacturers are being established.

4.3.3 Strength

Positive environment for footwear sector and entry of new manufacturers, because possibility to start production with low investment. In Nepal Labor-intensive and cheap labor cost Female worker- friendly, Low energy requirement in footwear sector because Nepalese footwear is based on hand made, Easy to manage adverse environmental impact, access to raw materials for production of footwear i (30% in Nepal and 70% in India and china), Possibility to develop skills of the youth within three to six months. Now a day export is increasing in nature and lessening import and narrowing percentage of tread deficit are strength point of Nepalese footwear sector.

4.3.4 Weaknesses

More than 99% of Nepal's exports are to India and the GON. Providers rebate only against payment in US dollars. In contrast, other competitors are supported by their governments. The major exporters have branded their products in India and are paying TDS in both Nepal and India.

Footwear industries require 36 types of raw materials (80% imported), whereas the GON has not at identified the nature of raw materials for this sectors. The import taxes on some raw materials are higher than the price of the finished product, which is affecting the production cost and global competition.

The free import and sale of pirated brands in the markets without any quality guarantee and uncontrolled price are bottlenecks in the domestic market. Joint and strong monitoring by the GON and footwear association is needed to control the import of pirated brands and to promote domestic product.

The investment in the sector range from NRs.50,000 to millions. There are some machines like imported leather measuring machine, logo embroidery machine, lasting machine, stitching machine and quality test laboratory. There is deficit of common facility centers, where all these facilities are available.

4.3.5 Threats

The major competitors in the global markets are china and India, and the competition in terms of price, quality and volume of supply. The factors responsible of increase in price in Nepal are energy, due to energy generation through diesel because of increasing power cuts and tariff on raw materials, Easy entry of low quality but high priced footwear without the country of origin mark. Pirates' brands of footwear are destroying the domestic market, weakening Nepalese trade balance. The policy of provide security post to the manufacturers having more than 500 workers is not being implemented. And high labor turnover is major issue of threats of footwear sector.

CHAPTER – V

MAJOR FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Major Findings

The present study has analyzed the contribution of footwear product on employment and output in Kathmandu valley by using secondary data and information. The major finding or the results obtained from analysis are as follows:

History of footwear started from millions years ago historical evidence shows Paleolithic period. Until the mid nineteenth century there is no distinction between right and left. Over centuries many varieties of footwear wear made in the Himalayan region in order to protect the feet from the cold weather. Footwear was made of leather, wool and remains of the plants. Until half of century ago, India was described as barefoot country. Even till the early 1960s, Nepalese people are cultivated the habit of wearing shoes. In 1965 shoes factory built assistance of Chinese government. School footwear now completely dominated by Nepalese brand.

In general, footwear refers to garment worn on the feet, which originally serves to purpose of protection against adversities of the environment, usually regarding ground textures and temperature. Footwear in the manner of shoes therefore primarily serves the purpose to ease the locomotion and prevent injuries. Researchers has focused established the footwear zones, support for international marketing, skill development, introduction of the Nepalese youth in the footwear sector and implementation of collective trademark and NS trademark can this sector sustainable. Government also have formulated Aaudhogik Niti 2067 to develop the industrial activity, creating the new employment, increase the level of income of people, and then contribution of industrial activity portion in national economy is higher. It helps to create employment, poverty alleviation and to change life style. On the basis of Aaudhogik Niti 2067, government imposes the no work no pay rules which covers organization interest and benefit.

To analysis trend of export footwear product FY 2005 to 2011 below average export of footwear product where, average amount is 199.43 million and FY 2010 to 2017

above average of export. In FY 1016-1017 highest total export 1409.2 million and FY 2005-2006 Rs 252.2 million. Analysis trend of import footwear product average import is 963.34 million where, FY 2005 to 2009 and 2011 to 2015 below average and 2009 to 2011 and 2015 to 2017 above average of import of footwear product. FY 2009-2010 highest import 1407.6 million and FY 2012-2013 Rs. 545.1 million import of footwear product. Gap between export and import is FY 2008-2009 and 2011 to 2017 import is less than export where FY 2014-2015 gap is 1573 million. To analyze gap where, exports is less than import, FY 2005 to 2008, 2009-2011 (-896.7 million). China is world highest exporting footwear product in the world where china export $ 9.1 billion out of 100% in world china export 17.4%. To analysis SAARC country India is in first number 9.1 billion export in world rank India is situated in 12^{th} position and Nepal is in 145^{th} position in world rank and 6^{th} position in SAARC rank.

In Kathmandu valley total 180 footwear companies are operated Kathmandu, Bhaktapur, Lalitpur total footwear company are 129, 28, and 23 respectively. Total footwear production in Kathmandu valley in FY 2005-2006 total 354500 pairs of footwear product. And FY 2016-2017 totals 21335000 pairs of footwear product. Total investment on footwear sector FY 2005-2006 Rs. 177.25 million, and FY 2016-2017 Rs. 9600.75 millions. Employment level in FY 2005-2006 is 325 employee and 2016-2017 total employee 10895. Gender composition in FY 2005-2006 is 150 male, 25 female, and 150 Indian citizens male. And FY 2016-2017 is 3000 male, 4250 female and 3640 Indian worker are working. Ethnicity composition in FY 2005-2006 is Bharamin 5, Dhalit 100, Adibasi/Janajati 70 and Indian 150. And FY 2016-2017 Bharamin 55, Dhalit 1695, Adibasi/Janajati 5500 and Indian 3645. Worker engaged in footwear in footwear industry we can categories as Skill level, semi skill, non skill, administrative, marketing, and other where FY 2016-2017 worker are 5775, 2370, 774, 1300, 543, 133 respectively. Investment level on footwear industry on Kathmandu valley is below 25 lakhs 16 industries, 25-50 lakhs 17 industries, 50-100 lakh 8 company and above 1 coror 4 industry.Cost of production of footwear industry in Kathmandu Valley bellow Rs. 100 production cost per pair 3 industries, 11 industries cost between 100-125 per pairs, 14 industries cost between 125-150 per pairs. 28 industries cost between 150-200 per pairs and 2 companies cost of production per pairs is above Rs. 200 per pairs.

5.2 Conclusion

To analysis trend of export and export footwear product 2005-2011 below average and 2011 to 2017 above average of footwear export. Import of footwear product is increase in nature every year. And gap between export and import is increase every year to maintain the this gap between export and import government should imposed the policy and encourage the Nepalese footwear product productivity. Without increase productivity of Nepalese footwear sector income, employment and output doesn't increase.

From this research maximum footwear industry are located in Kathmandu valley. So Government should developed the policy for footwear production zone and hub.

The study was conducted city of Kathmandu valley. The respondents include 40, 10 and 8 from Kathmandu, Bhaktapur and Lalitpur footwear product industry respectively. To observe the footwear product productivity is increase in nature. Investment level of footwear industry also increase year by year. This industry contribution on also employment output and productivity national economy. In this industry used skill, semi skill, non skill, administrative, market and other employee are working together. In this industry entrepreneur can invest as much as money on their target produce of pairs and quality of footwear product. Direct labor cost of per pair of footwear is depended on the design and procedure of making footwear so it vary with the industry to industry.

Challenges and opportunities on this industry are production and productivity, domestic market, export marker, value chain enables environment and policy. Shortage of skill manpower (designer, cutting, stitching, lasting and sole pasting) worker are shortage in market this is challenges and DoCSI and CTEVT taking initiative for required skill development for footwear product. Free import and sales of pirated brands of footwear in the market with out quality assurance and uncontrolled price is challenges and increasing trust in nepalies footwear as cheaper and durable is opportunities. Lake of knowledge about the international market access strategy, trade fairs are challenges and NTIS identifies footwear as export potential goods for 2016-2020 is opportunities.

Positive environment for new entrepreneur in footwear sector, labour insensitive technology so no needed for hug investment, low energy required, easy access of raw material are strength and maximum export in India, raw material structure is different in nature, free import and pirated brand is weakness of this footwear sector. Increasing global demand, changes on fashion, trust in Nepalese footwear are opportunities and easy entry low quality without origin mark, no policy for security for Nepalese footwear industry is threats of the footwear industry.

5.3 Recommendation

Kathmandu valley is untold footwear zone most of the footwear product manufacturer are located in Kathmandu valley. Footwear industry plays crucial role on economical factor and socio economic factor by using local raw material, creating job opportunities and bit reduced the balance of payment. In order to promote further footwear zone and hub of footwear production in Kathmandu valley the following recommendation should be taken up. All stakeholders, enablers and service providers should prepare a joint action plan as per the requirement of Nepalese footwear industry.

a) Nepal lacks a database of footwear manufacturers and volume of production by type. So, a detailed national level survey is required to find out the extra number of manufacturer, volume type and production, employment potential, per capita consumption and issue with this sector. The stakeholder or services providers need to decide who should be given this responsibility.
b) Established for footwear zones supports for international marketing, skills development, involvement of the Nepalese youth in the footwear sector and implementation of collective trademark can make this sector sustainable.
c) Conduct joint and strong monitoring by the government and the footwear associations to control pirated brands of footwear and promote domestic product.
d) Control high import duties. Make a list of the type of requirement raw material/ footwear components and maintain import tariff rate below 5% and a minimum difference of 30 % of raw material and finished products in import tariff. Support commercialization of traditional products to business scale to fulfill demand. To develop high skill designers which increase the production capacity and techniques.

There are no institutions for developing designer in Nepal. Most designer come from India. Frequent turnover of designer affecting the quality and supply of products.

e) Design for programmer: although a separate programmer has been designed for skill development with the supports of HELVETAS, segregation by skill and implementation of the program are still need. Using globalised world digital technology enables production to take place anywhere. In the sense labour cost becomes a lower priority. New technology such as CAD design, 3 D prototyping digital printing, integration of productive cycles and direct interaction with consumers designing the shoe.

f) Nepalese Footwear manufacturer should adopt marketing strategy such as product strategy, price strategy, distribution strategy and promotion strategy. Government should provide soft loan for footwear industry to motivate them to increase production and supply. Government should mange infra-structure development for footwear industry.

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APPENDIX-I

Questionnaire

This research question is prepares for partial fulfilment of the requirement for the Degree of master of Arts in economics where topic is contribution of footwear production employment and output.

Name of respondent:

Post:

Date:

1) Name of the company?

2) Established date of company?

3) Location of company?

4) **Employment level paid up capital structure and Production output level of company?**

Fiscal Years	Paid up capital	Employment level	Production pairs
2005-2006			
2006-2007			
2007-2008			
2008-2009			
2009-2010			
2010-2011			
2011-2012			
2012-2013			
2013-2014			
2014-2015			
2015-2016			
2016-2017			

5) Currently, Ethnicity composition on employment in company?

Caste	No of workers
Bharmin/chetteri	
Dalit	
Janjati	
Other	

6) Currently, Gender and nationality and ethnicity composition of worker of company?

Nepalese male	Nepalese female	Indian male	Indian female	Other country

7) Income structure of employee?

Type of employee	Income level
Skill	
Semi-skill	
Non skill	
Administrative	
Marketing	
Other	

8) Skill, non skill and semi skill worker administrative and marketing staff?

Type of employee	No of workers
Skill	
Semi-skill	
Non skill	
Administrative	
Marketing	
Other	

9) If pieces rate system is in include than only tick mark from below which Major activity of direct production cost of pairs of shoes in your company ?

Major activity	Range 1 (in RS)	Range 2 (in RS)	Range 3 (in RS)
Cutting	10-15	15-20	20-25
Upper sticting	30-50	50-80	80-100
Lasting	30-35	35-40	40-50
Pasting	10-15	15-20	20-25
Finishing	3-5	5-7	7-10

APPENDIX-II

Data analysis and presentation

No of footwear industry in Kathmandu valley

Kathmandu Valley	No of footwear industry
Kathmandu	
Bhaktapur	
Lalitpur	
Total	

Employment level on footwear company ?

Kathmandu valley	Nepalese Male worker	Nepalese Female worker	Foreigner worker	Foreigner female worker
Kathmandu				
Bhaktapur				
Lalitpur				
Total				

Investment level of company ?

Investment	Up to 25 lakhs	25-50 lakhs	50-1coror	1-5coror	More than 5 coror
Kathmandu					
Lalitpur					
Bhaktapur					
Total					

Wages categories under piece rate system

Major activity	Range 1	Range 2	Range 3
Cutting			
Upper sticting			
Lasting			
Pasting			
Finishing			
Total			

Income structure of employment

Type of employee	Below 10000	10000-15000	15000-20000	20000-30000	More than 30000
Skill					
Semi-skill					
Non skill					
Administrative					
Marketing					
Other					

APPENDIX-III

Survey Table

S.N.	FIRM NAME	OWNER	MOBILE
1	Ambition Footwear	Sudip Baral	9851215836
2	Bagmati Footwear	Krishna Achhami	9841273157
3	Base footwear Pvt. Ltd.	Hom Nath Upadhyay	9851047705
4	Black horse Industry pvt.ltd	Chin Bd Shrestha	9851034009
5	Boss shoe Industries Pvt.ltd	Ganga shrestha	9841454338
6	Chitawan footwear	U8ttam adhikari	9851059239
7	Citizen Footwear	Rajesh Bishunkhe	9851029492
8	Columbia Footwear	Tuphan Bhandari	9851021088
9	Coral shoes pvt.ltd	Pramesh Bisunkhe	9803728812
10	Coseli chhala jutta udhog	Robin ku. Shresths	9851022012
11	D.M.S. Boot industries	Deependra thapa	9851072746
12	dsg Business Pvt Ltd	Devendra K Gotame	9851032911
13	Emmanuyal Jutta Udyog	Shyam K purkuti	9841275275
14	Everest Shoes industry	Radha Krishna Rokka	9841194638
15	Expert shoes	Shambhu dhital	9841483435
16	Famous Footwear	Jhabilal paudel	9851060946
17	Fit Well Shoes industries	Tula raj karki	9851007273
18	Foot Step shoes industries	Manoj k.c	9801132665
19	Goodhill footwear	Madan Bishunkhe	9849299704
20	Gorkhali Shoes Udyog	Bal Mukunda Shrestha	9851022389
21	Hamro Footwear Pvt. Ltd	Devendra k khatiwada	9851199344
22	HBI orthopedic Footwear	Hari Ram Bogati	9841857428
23	Himal footwear	Deepak dhakal	9841887821
24	Horgen Footwear	Rajan Nepali	9841555474

25	Janata shoes	Jaya Ram Dulal	9849632125
26	KD shoes industries	Kali daas gotame	9851023609
27	Kiran shoes manufacturers	Gaurav basnet	9801230808
28	Laliguransh footwear	krishna ku. Phuyal	9851212416
29	Leather desire	Mandira Dangol	9851041144
30	Leather wings	Surendra Pd. Dahal	9851086207
31	Madhyapur Jutta Udyog	Laxman Mangrati	9841481022
32	Makalu footwear pvt.ltd	Bishwojyoti prasain	9851040846
33	Mangrati shoes center	Narayan Mangrati	9841515540
34	Mega Shoes industries	Gyanendra dahal	9851135562
35	Miraz footwear	Yub Raj Bhndari	9851127061
36	Modern shoes Pvt.ltd.	Keshar pradhan	9851117755
37	Modern shoes udhyog	Rishi Raj Ghimire	9851160491
38	Moon star footwear	Chandra man Rokka	9851069503
39	Namaste foodwear Pvt.ltd	Diwakar giri	9851146026
40	Nepal footwear instires	Krishna pd. Mainali	9851024807
41	Nepal shoes Factory	Bharat pd. Shrestha	9851075422
42	New lotus Footwear	Nirmala shrestha	9851064608
43	Nims Footwear	Nirmal Bhattrai	9851225359
44	Noorin Company Pvt.Ltd.	Sabin karki	9851180907
45	Paragan Footwear Udyog	Ram Hari Tolage	9851145507
46	Prime footwear	Rajesh Koirala	9841306689
47	Prisma Footwear	Manoj Dulal	9818418981
48	Rite shoes industries	Deepak shrestha	9814423434
49	Royal footwear industries	Bhim lal paudel	9851025833
50	Run shoes industries	Rudra pd. Neupane	9851030178
51	Sagarmatha Footwear	Mahesh Paudel	9841935651

52	Sagun shoes	Dil K bishunkhe	9841046083
53	Samrat shoes Pvt.ltd	Pramod ku. Mahato	9851000021
54	SB Quality footwear	Sanbabu bogati	9841659641
55	Shikhar shoes industries	Ram krishna prasain	9851033705
56	Shine Footwear	Atma Ram Ramtel	9841511349
57	Shramik Footwear	Sundar mangrati	9841310089
58	Shubha labha footwear	Shambhu Timalsina	9851051212
59	Shubhakamana footwear	Nani raj Ghimire	9851199774
60	SK footwear	Shankar mangrati	9851055168
61	Smart shoes industries	Rajan ku. Shrestha	9815555555
62	Star Leather shoes	Shuku Raj Bogati	9841352850
63	Star shoes production	Rajan gautam	9851045455
64	Success Shoes	Basu Nepali	9851109624
65	Sungava Footwear	Ram k bishsunkh	9841757163
66	Tiger shoes	Bishnu dharel	9851168344
67	Typical footwear	Ram krishna shrestha	9851561608
68	Unique Shoes	Nirmal Humagain	9841464223