

IMPACT OF MICRO-ENTERPRISE IN RURAL COMMUNITY:

A Case Study of Falaincha VDC of Pachthar District

A Thesis Submitted to

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Declaration

I hereby declare that the thesis entitled Impact of Micro-Enterprise in Rural Community: A Case Study of Falaincha VDC of Pachthar District submitted to the Mahendra Ratna Multiple Campus, Department of Rural Development, Tribhuvan University is entirely my original work prepared under the guidance and supervision of my supervisor. I have made due acknowledgements to all ideas and information borrowed from the sources in the course of preparing this thesis. The results of this thesis have not been presented or submitted anywhere else for the award of any degree or for any other purposes. I assure that no part of the content of this thesis has been published in any form before.

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Recommendation Letter

The thesis entitled Impact of Micro-Enterprise in Rural Community: A Case Study of Falaincha VDC of Pachthar District has been prepared by Laxmi Subedi under my guidance and Supervision. I hereby forward this thesis to the evaluation committee for final evaluation and approval.

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**Laxmi Subedi
March, 2017**

ABSTRACT

The micro enterprise development in rural area plays vital role for economic, socio economic development and employment creation at local level. This study was done based on Falaincha VDC collecting primary data on This study focused the impact of the micro enterprise to the live of the people who are actually running the micro-enterprises business and only the positive impact. There were different micro enterprises activities carried by the locals of the study area and the general objective is study the impact of micro enterprise in rural community specifically of micro enterprise runner. However the specific objectives of the study are;

- To study economic impacts of micro enterprise in lives of entrepreneurs of study area.*
- To study social impacts of micro enterprise in lives of entrepreneurs.*

This study pursued social research methodology, quantitative. It was based on the exploratory and descriptive study research designs. Survey was done with the semi structured questionnaire. The overall primary data were collected using qualitative and quantitative data collection with the help of semi- structured questionnaire and secondary data was collected from the different published and unpublished sources. Documents from INGOs, NGOs and GOs working in the relevant field and documents from internet sources to the study was collected. Out of total registered and not unregistered micro enterprise from the record of NCDC and other unofficial sources on 25% samples were taken and computer program was used for the raw data analysis using simple statistical tools and relevant technique.

There were more female entrepreneurs were active in the area and equally participating in decision making in household. The household size was relatively small. The type micro enterprises included; hand paper, parlor, meat selling, mechanical workshop, poultry rising, furniture and mills that were supporting various activities of the rural communities for livelihood. The educational statue of entrepreneur was good but the however the higher educational level holder were quite low and people with the formal education were running agricultural base micro enterprise and it has not been quite long that they were running micro enterprises. The reinvestment capacities on microenterprise have risen along with income and main source for saving came from the micro enterprises. There have been increments in physical assets after the intervention of micro enterprise in the HH. Entrepreneurs have now become them capable and strong along with more social linkage. The direct socio economic impacts of the micro enterprise was

beneficial and positive but there was still more initiatives was required from all the sector working in micro enterprise in Falaincha VDC

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Acronyms/Abbreviations

BCTS	:	Brahmin Chettri Thakuri Sanyasi
FAO	:	Food and Agriculture Organization
HH	:	Household
ILO	:	International Labor Organization
INGO	:	International Non-Governmental Organization
KW	:	Kilowatt
MA	:	Master of Arts
MEDEP	:	Microenterprise Development Program
MOF	:	Ministry of Forestry
MRMC	:	Mahendra Ratna Multiple Campus
MOI	:	Ministry of Industry
MSE	:	Micro and Small Enterprises
NCDC	:	Namasaling Community Development Center
NGO	:	Non-Governmental Organization
NTFP	:	Non Timber Forrest Product
RD	:	Rural Development
SME	:	Small and micro enterprises
TU	:	Tribhuvan University
UN	:	United Nation
UNDP	:	United Nation Development Program
USAID	:	United States Development Fund
VDC	:	Village Development Committee

CHAPTER -I

INTRODUCTION

This chapter consists the introduction and background of the study including general introduction micro enterprises in context of Nepal, a statement of the problem, rational of the study, objectives, scope and limitations and organization of this thesis study.

1.1 Background of the Study

According to report of UNDP/MEDEP (2010), micro-enterprise refers to any economic unit engaged in the production and distribution of goods and services at household level. It is primarily of self-employed nature, employing him/her in the enterprise and sometimes some family members. The enterprise runs on little amount of capital investment at a fixed market centre or mobile business locations. This sector is identified with features like reliance on indigenous resources, family ownership of enterprises, small scale of operation, labor-intensive, adapted technology, and minimum skill. Micro–enterprise, therefore, is particularly suitable for poor communities. Micro economic enterprises play a vital role in poverty reduction in both rural and urban areas, and reinforce urban-rural linkages for economic and social development in Nepal. The linkages are essential not only for utilization of local resources but also in acting as agents for the flow of goods and services between urban and rural areas. Their roles are important since they possess the features like self employment generation, employment to poor and women, use of local resources, meeting basic needs of the poor, traditional enterprise/skill and craftsmanship, labor intensive, self satisfaction on the job, entrepreneurship and innovative (skill learned through apprenticeship method), and fair income distribution among the poor .

ILO (2003) reports Nepal is a country with many micro and small enterprises (MSEs). They can be found everywhere- from the heart of Kathmandu, to the highlands, and in the remotest Terai areas. MSEs perform a vital function in Nepal is economic and social development. They create jobs and generate

incomes. Poor households obtain essential incomes through the revenues of micro enterprises, many of which are run by women. MSEs also add value to local products and provide essential local services.

Ministry of Forestry (2003) has stated that small and micro enterprises (SMEs) are an important vehicle for the economic development of poor developing countries like Nepal. Therefore, if the pace of economic development is to accelerate, Nepal should promote and develop technically and economically viable small micro enterprises. Government agencies, NGOs and INGOs should be substantially involved in promoting micro-enterprises with a view to developing human resources whose contribution can play a vital role in the national economy. They can help modernize the economy and bring regional balance in development scenario in the country. Further, they are essential not only for the utilization of local resources, but also for acting as agents for the flows of goods and services. The less developed the economy the more significant is the SMEs contribution. Further, Pandey (2010), adds SMEs have contributed 40-60 percent of the total output or value added to the national economy.

Micro-enterprises as run by mostly the marginalized community and it plays great role for contributing in their livelihood. There are many developmental organizations supporting to promote the Micro enterprise in Nepal. In Pachthar district Namasaling Community Development Center is one of the development organization that is supporting the promotion of the micro-enterprise.

This study was carried out to assess the impact of micro enterprise in the selected area, Falaicha VDC of Panthar district. As there are number of development agencies are working to promote the micro-enterprise activities. Micro-enterprise programmer such as handmade paper, beekeeping, bamboo products, food and beverage, metal and repairing, fiber and textile, wood and timber products, *Radi* weaving and tailoring etc. had been practicing. No any comprehensive research has been conducted on their status and impacts beside few assessments for academic purpose. Impact is the long time effect of the activities that has been evaluated and Impact could be positive or reparative.

This study mainly focused the positive impact of the micro enterprise to the live of the people who are actually running the micro- enterprises business. There were different micro enterprises activities carried by the locals of the study area. There were 32 registered and not unregistered according to NCDC and other

unofficial sources .This micro enterprise identity running during the study period of this research. This study used a mix method approach which combined the quantitative and qualitative techniques. Mainly the positive impacts of the subject matter will be assessed by this research. This study involved formal questionnaires other appropriate research methodology techniques.

1.2 Statement of the Problem

UNDP/ MEDEP (2010), reports development and promotion of Micro-Enterprises in Nepal have been hindered due to some major factors: First, lack of easy access to micro-credit is the most crucial constraint and, therefore, micro-enterprises are unable to utilize the economic opportunities available in the local area in sustainable and successful manner. Promotion of micro informal enterprises is required in their overall productivity enhancement considering resource allocation, i.e. credit facility. Secondly, micro enterprises lack knowledge and skills to produce the items as per market demand. Therefore, promotion-based training is next important component, which should be poor community -friendly and it should be provided to potential and interested individuals to upgrade their knowledge and management of enterprising skill. Excellent entrepreneurs will be produced only if trainings are provided at different stages and levels. Monitoring is essential for validating and use of trainings. Thirdly, labour and capital productivity and rate of surplus are other measures to promote microenterprises. These include the considerations of skill up-gradation, management, and technological improvement. Lastly, other constraints of micro enterprising development include (i) limited backward and forward linkages, (ii) lack of market chains and price chains of the products, and (iii) lack of market places for selling within the cities. These necessitate due considerations. The government agencies should play a crucial role to promote safeguard and manage the micro economic activities. If managed properly, it will be one of the crucial income sources for the local government units.

According to Pandey (2010), micro-enterprises are often owned or controlled by a single entrepreneur or by family member. The most important challenge is how to promote indigenous enterprises, which are in many cases not productive and cost effective, though they are environment friendly. They lack skills, capitals, credit and others to adapt to new enterprising concept. Further, access

to market for most of the products of traditional micro enterprises is a problem. Technological change in the existing micro-enterprises is essential.

Although there were the number of the problems underlying in the micro enterprise, but it holds great potential to contribute in the rural community of selected area. The documentation of micro enterprise would be beneficial to know what kinds of the micro enterprises going on in the study area, which would further help to identify the potential of the micro enterprise in the area.

This research is attempts to examine the positive impacts of micro-enterprise in rural community as there were only few studies have been done in the study area. As this study only focus the positive impacts in the different aspect of lives of the rural community of the area, which would help in future in extension of the micro enterprise and spread the positive message to the one who wants to be involved in the micro enterprises and increase the involvement of the different stakeholders working to promote the rural community development

1.3 Objectives of the Study

The general objective was to study the impact of micro enterprise in rural community specifically of micro enterprise runner. However the specific objectives of the study were

- To study economic impacts of micro enterprise in lives of entrepreneurs of study area.
- To study social impacts of micro enterprise in lives of entrepreneurs.

1.4 Significance of the Study

The enterprise development in rural area plays vital role for economic, socio economic development and employment creation at local level. To create the actual result we need to collect the data either from the primary sources or secondary data. For the accuracy and realistic we need the primary data sources. This study is represents the sample study of the overall analysis. Most of the micro enterprises are family based and can be established by using the local resource at low capital. The enterprises are small in size with one or two employee and the number of micro enterprises is lot of which play the great role in economic development either in local area or in national level. This micro

size of business includes all the self employed, sole traders, freelancers, partnerships, home businesses, limited companies and social enterprises. Most of us micro enterprise owners refer to ourselves as small business owners (because we haven't read the EU definitions for micro, small, medium and large businesses).

In this study area only few researches on micro-enterprises has been carried yet. Hence a study is important to analyses the necessity, impact and future road map in order to set the future strategy on micro entrepreneurship development and implement the programs that are related to the micro enterprise and learning and sharing of the programs and success story of the people.

1.5 Limitation of the Study

The limitations of this thesis research study are listed below;

- This study was carried out for the partial requirement fulfillment of the master's of Arts at Rural Development.
- As this study was carried out at the selected area and results of this study might not be generalized for whole micro enterprise development sector of the country as this is an area specific.
- This study was not able to cover the depth impacts studies of the enterprise due to time and budget constraints.

1.6 Organization of the Study

This thesis paper is divided into five chapters. The first chapter includes the background of the study, statement of the problem, significance of the study, objectives of the study and limitation of the study. The second chapter includes a literature review. The third chapter deals about the research methodology of the study. The fourth chapter describes about the presentation and analysis of the collected data. Summary, conclusions and recommendations are presented at the end of chapter five.

CHAPTER-II

LITERATURE REVIEW

Literature review is a review of relevant authentic documents that support the research in various ways. It provides inside knowledge and search on the work of this different scholar, researches and scientist, which might be the foundation for caring new studies .Hence this chapter, includes most of the reviews of literature as micro enterprise in worldwide and Nepal's context, and its importance, impacts of micro enterprises to make study stronger, support and justify the study.

2.1 Introduction to Micro-Enterprise

Harper (1984), writes, an enterprise is broadly defined to include any economic unit engaged in the production and distribution of goods and services whether it employs only one person (the proprietor) or more, whether or not it uses fixed capital, whether or not it has fixed location for conduction business.

Wikipedia (2016), defines, a micro-enterprise (or microenterprise) is generally defined as a small business employing nine people or fewer, and having a balance sheet or turnover less than a certain amount. The terms microenterprise and micro business have the same meaning, though traditionally when referring to a small business financed by microcredit the term microenterprise is often used. Similarly, when referring to a small, usually legal business that is not financed by microcredit, the term micro business is often used. Internationally, most microenterprises are family businesses employing one or two persons. Most microenterprise owners are primarily interested in earning a living to support themselves and their families.

Pun (2010), describes the Board Sectors of Micro-Enterprise, which has been promoted by MEDEP. The Broad sectors of enterprises as per classification of Industrial Policy 2010 include.

1. Agro- Based Enterprises
 - a. Fruit Production and Processing
 - b. Food Processing

- c. Milk Production and Dairy
 - d. Animal Production and Breeding
 - e. Poultry Production and Hatchery
 - f. Fishery and Breeding (Fingerling Production)
 - g. Wool Production and Processing
 - h. Silk Production and Silk Processing
 - i. Tea Gardening and Processing
 - j. Coffee Production and Processing
 - k. Vegetable and Off- Season Vegetable Production, Processing and marketing
 - l. Beekeeping and Honey Processing
 - m. Vegetable Seed production, Processing and Marketing
 - n. Greenhouse Vegetable and High Value Crop Production, Processing and Marketing.
 - o. Floriculture and Flower Seed production, Processing and Marketing
 - p. Cash crop production, Processing and Marketing (e. Sugarcane, Cotton, Jute, Large Cardamom, Ginger, keshar, Tobacco, Sweet sorghum, Stevia Rebaudiane, Oil Seed Crops, Pulse Cops , etc
 - q. Nursery of Fruits, vegetables, flower,etc
 - r. Cellar and Cold storage
 - s. Tissue Culture Production and Marketing
- 2. Forest based Enterprises**
- a. Natural fiber Extraction, Processing and Marketing (Himalayan Nettle-Allo Nettle, Lokta, Hemp, Banana, Pine Apple, Bhimal, etc.
 - b. Bamboo and Cane Production, Processing and Marketing
 - c. Rubber Production and Primary Processing
 - d. Amriso Production and Processing
 - e. Medicinal and Aromatic herb Production, Processing and Marketing
 - f. Chyuri Seed Collection, Processing and Herbal Soap Production and Marketing
 - g. Pine Plantation Thinning and Log Selling
 - h. Pine Pole Treatment of Electric Pole Production
 - i. Wild Fruit Harvesting and Processing (e.g., Lapsi, Bael, etc.)
 - j. Leaf Collection , Plate production and Marketing

- k. Community Forestry, Private Forestry Conservation, Management and Sustainable Harvesting and Processing.
3. Tourism Based Enterprises
 - a. Hotel, Motel, Resort, Home-Stay, Restaurant, etc.
 - b. Travel Agency, Trekking Agency, Tour Operator, Tourist Guide, Healing Centre, Casino, Massage Spa, etc.
 - c. Adventurous Tourism: e.g. Skiing, Gliding, Water Rafting, hot Air Ballooning, Para Sailing, Horse Riding, Bungee Jumping, Mountaineering, Travelling, etc.
 - d. Tourism Sports: Golf Course, Polo, Pony Trek, Trekking, etc.
 - e. Eco- Tourism and Nature Trekking
 - f. Cultural , religious, Conference and sport Tourism
 - g. Recreational Park Construction and Management
 - h. Wild life Conservation Tourism
 - i. Mountain Flight
 4. Construction Based Enterprise
 - a. Road , Bridge, Tunnel
 - b. Ropeway, Railway, Tram, Trolley Bus, Cable Car, Monorail, Sliding Car
 - c. Airport
 - d. Industrial Structure and Infrastructure Complex
 - e. Conference Seminar Centers
 - f. Drainage System
 - g. Irrigation Canal
 - h. Water Supply and Distribution
 - i. Powerhouse and Power Supply Line
 - j. Sport Complex and Stadium
 - k. Vehicles Parking , Parking House
 - l. Export Processing Zone
 - m. Special Economic Zone
 - n. Cargo Complex
 - o. Solar and wind Production
 - p. Water Treatment Plant
 5. Information and Communication Based Enterprises
 - a. Technology Park
 - b. Information Technology Park

- c. Biotech Park
 - d. Software Development Park
 - e. Computer and Related Services
 - f. Data Processing
 - g. Cyber Café
 - h. Digital Mapping
 - i. V-Sat and Internet
 - j. Telephone and Cellular Telephone Services
 - k. Mobile Telephone
 - l. Paging Service
 - m. Satellite and Cable Television Services
 - n. FM Radio Service
 - o. Email, Voicemail and Fax
 - p. Audio-Video, CD Rom Recording and Production
 - q. Print Media
 - r. Business Processing Outsourcing
- 6. Service Based Enterprises**
- a. Auto-Mechanic Workshop
 - b. Printing Press and Printing
 - c. Professional Research, Development and Management , Engineering and Design, Law Firm, Accounting, Auditing, Teaching and Training , Educational and Technical Service
 - d. Ginning and Baling Service
 - e. Film Production
 - f. Exhibitions
 - g. Cultural and Recreational Services
 - h. Construction Services
 - i. Public Transport Services
 - j.
 - k. Hospital
 - l. Nursing Home
 - m. Training and Educational Institutions
 - n. Library, Archaeology and Museum
 - o. Laboratory Services

- p.** Air Services
- q.** Sports Service
- r.** Non- Agro-Based Cold Storage
- s.** House-wiring , Electrical Fitting and Repair
- t.** Solid Waste Collection and Cleaning
- u.** Real Estate
- v.** Heavy Equipment Renting, Repair and Operation
- w.** Veterinary Service
- x.** Battery Recharging
- y.** Health Testing (e.g. X-Ray, CT Scan, MRI, Ultra Sound etc. and Health Testing Laboratory
- z.** Operational of already completion of physical infrastructures egg Conference/Seminar halls , Water supply, Pipeline for fuel gas Supply, Warehouse and Stores, Airport, Bus Park, Stadium Sports Complex, Ropeway, Irrigation, Power supply, Powerhouse, Railway service, cargo Complex , Inland Clearance Depot-ICD, etc
- aa.** Food Processing, Milling, Grinding, Extraction, Packaging, etc.
- bb.** Coloring of Cloths and Threads, Sizing and Cloth
- cc.** Cargo
- dd.** Packing, Refilling (LPG Gas Refilling , Vehicle Gasoline Refilling Station)
- ee.** Courier Services
- ff.** Drying Cleaning
- gg.** Beauty Parlor
- hh.** Interior Decoration
- ii.** Security Guard Services
- jj.** Publication Services
- kk.** Advertisement Material Production Services, News Broadcasting Services
- ll.** Programs for Showing in Television and Documentary Film Production and Broadcasting
- mm.** Soil Testing Services
- nn.** Agro –Vet Services
- oo.** Health Club
- pp.** Drinking Water Supply Services
- qq.** Zoological Park Operation

- rr. Geo-logical Park Operation
- ss. Business Incubation Services
- tt. Business Complex Operation
- uu. Foreign Employment Services

7. Indigenous and Cottage Enterprises

- a. Handloom, Paddle loom , Semi- Automatic loom, Cloth Warping , Coloring using Indigenous Skills, Printing , tailoring ,Embroidery, etc
- b. Woolen Products, such as Raddi, Pakhi, Carpet, Pashmina, Dress, Production using Handloom based on wool and silk
- c. Nepali Handmade Paper and Paper products
- d. Filigree and Ornamental Items based on Traditional crafts
- e. Indigenous Sculpture
- f. Handcraft and Handmade Utensils made of copper , Brass , alloy (Kansh) German silver, etc
- g. Utensils and handmade domestic use products of iron such as Knife , Chulesi, Khukuri, sickle , Kuto , Spade (kodal), Indigenous equipment , etc
- h. Handmade ornament, utensils (valuable , semi-valuable , ordinary stone mounted) made of gold and silver
- i. Stone cutting of valuable stones available in the country
- j. Rural Training and Leather Products
- k. Products based on natural fibers such as Jute, Savoy Grass, Choya Babiyo, Cotton Thread, Allo
- l. Products of stone cutting
- m. Poubha , Thanka Printing and other Indigenous Paintings
- n. Indigenous Culture, Musical Instruments and Art depicting different Handicrafts
- o. Mask and Puppet and Toy depicting culture
- p. Wooden, Bone Horn and Clay , Rock and Mineral based artistic products
- q. Ceramics and Earthen Pots.

Pradhan (2004) describes that, a self employed construction worker, a self employed transport worker such as driver of three wheel rickshaws and self-employed service worker such as shoeshine boy, for example are alliterated as constituting an individual enterprise even though they do not hire any

employees; own little or no capital; have no fixed business location and produce only services.

According to Funds2orgs (2015), micro-enterprises in developing countries produce both products and services. Most of these small businesses come in the form of local farms, selling cooked food from the sidewalk or food staples from a small store. Due to the lack of grocery stores and business services, they are used more often.

2.2 Microenterprise in Context of Nepal

Wikipedia (2016), states in developing countries, microenterprises constitute the vast majority of the small business sector—a result of the relative lack of formal sector jobs available for the poor. Microenterprises in developing countries, then, tend to be the most frequent form/size of business.

Pun (2010), states for the provision of Industrial Policy 2010 Micro- Enterprises defined as fulfilling the following criteria;

- Fixed investment of up to NPRs 200,000 except land and building
- Self managed (managed by entrepreneur her /himself
- Employment up to 9 persons including entrepreneur
- Amount of annual transaction less than 2,000000
- Use of power or energy less than 10 KW if used

In Nepal many intervention are taken through governmental and nongovernmental organization in this sector. According to report of MEDEP/UNDP (2010), Micro-enterprise Development Programmer is thus established to address all the issues, problems and measures related to micro enterprise. As a part of dissemination, skill development, knowledge sharing and operational research development and constructive recommendation for further development of the programmer. To address the need of proven tools that could fight poverty in the country by sustainably promoting entrepreneurship culture, particularly in the population living below the poverty line, Micro-enterprise Development Programmer (MEDEP) was launched as piloting phase in 1998.

Thapa at el (2014), claims microenterprise development is also one of the most widespread poverty reduction strategies in contemporary development discourses. ME development as a poverty reduction strategy has been implemented in Nepal since 1998. Adhikari (2010) adds micro enterprise in

agriculturally predominant economy is crucial to generate income, reduce poverty, and empower women. Advancement in women's economic positions improves their social status, bring benefit to their families and enhance their role in community affair.

MEDEP/UNDP/MOI (2010), reported, micro economic enterprises play a vital role in poverty reduction in both rural and urban areas, and reinforces urban-rural linkages for economic and social development 'in Nepal. The linkages are essential not only for utilization of local resources but also in acting as agents for the flow of goods and services between urban and rural areas.

ILO (2003), have stated that Micro and Small Enterprises (MSEs) play crucial roles in generating employment opportunities and alleviating poverty in Nepal. Further, it states that, has been well recognized that poverty is closely linked to the levels of under employment and unemployment in Nepal. Therefore, the strategy of reducing the poverty in the economic plans of the country has focused on generating and improving self-employment through micro-enterprise development.

Bajracharya (2012), states that, the importance of micro enterprise and entrepreneurship development in a poor country like Nepal cannot be overemphasized. Micro enterprises could seem easy tools to intervene for intervening to promote employment friendly strategies directed towards poverty reduction. However, developing entrepreneurship and micro enterprises is a daunting task in the state of vicious circle of poverty.

KC (2007), writes the Nepalese economy is characterized by high dependence on the agriculture sector with little diversification. With a GNI per capita of \$440, Nepal has been classified as a low income economy by the World Bank. The UNDP classifies Nepal as a region of low human development with an HDI score of 0.4281. Although most of Nepal's terrain is mountainous and not suited for farming, nearly 70% of the population relies on agriculture to sustain their livelihoods. Nearly one third of the national income comes from agriculture. Heavy reliance on traditional agriculture has a severe downturn of creating seasonal unemployment. Farmers are usually out of work during the months of winter and fall. As a result, majority of the population of rural Nepal is faced with low income generating opportunities. Poverty headcount ratio at \$2/day was 78% of the population in 20042. Engaging the rural population in micro

enterprises and small scale industries can be part of the solution to the problem of unemployment.

According to Pandey (2010), Small and micro enterprises (SMEs) are an important vehicle for the economic development of poor developing countries like Nepal. Therefore, if the pace of economic development is to accelerate, Nepal should promote and develop technically and economically viable small micro enterprises. Government agencies, NGOs and INGOs should be substantially involved in promoting micro-enterprises with a view to developing human resources whose contribution can play a vital role in the national economy (MOF 2003). They can help modernize the economy and bring regional balance in development scenario in the country. Further, they are essential not only for the utilization of local resources, but also for acting as agents for the flows of goods and services. The less developed the economy the more significant is the SMEs contribution (Maskey 2001). SMEs have contributed 40-60 percent of the total output or value added to the national economy.

Joshi (2008), summarizes in study that though having the potential to develop, the micro-enterprise sector could not grow significantly in the recent past due to lack of access to services. In order to address this issue, the GoN has been according high priority to the development of micro-enterprises. MEDEP is one among them implemented as a tool to alleviate poverty and unemployment since the Ninth Five-Year Plan. This study was undertaken to analysis the economics of existing micro-enterprises for poverty alleviation in Kailali district. Though the study used simple statistical tools, the results showed that the standard of living of the entrepreneurs increased significantly after MEDEP intervention. It was found that MEDEP was able to include youths and retain them in the country. It was concluded from this study that micro-enterprises have a tremendous potential in the socio-economic up liftmen of the rural women. In order to harness this potential, the entrepreneurs should be provided with a package of technology to enhance productivity.

2.3 Micro enterprise Issues and Importance

Mead and Liedholm(1998), states in Journal "the Dynamics of Micro and Small Enterprises in Developing Countries" that microenterprise and small enterprises (MSEs) have been recognized as a major source of employment and income in many countries of the Third World. Pandey (2006) highlights

the problems that, micro-enterprises are often owned or controlled by a single entrepreneur or by family member. The most important challenge is how to promote indigenous enterprises, which are in many cases not productive and cost effective, though they are environment friendly. They lack skills, capitals, credit and others to adapt to new enterprising concept. Further, access to market for most of the products of traditional micro enterprises is a problem. Technological change in the existing micro-enterprises is essential.

MEDEP (2002) reports feasibility issues of enterprise depends upon the following prospective on basis of participatory Market Analysis and Development process;

- Market/Economy issue include start-up investment, projected sales and essential returns of the products, financing sources, market environment such as market chains, market trend, competition and distribution, product which is ideal for the enterprise (research development, promotion, customer need , inventory and so on). The impact the product will have on the economy of the potential micro-entrepreneurs (prospects) and the capacity building which is necessary for the entrepreneurs are also assessed.
- Ecology/Environment issues include availability, management and improvements in the use of raw materials, common property issues as well as the impacts of the enterprise might have on the environment.
- Social /Institutional issues include the prospection of the society on the enterprise, cultural constrains which might affect the development or sales of the product, legislation which will affect development and marketing of the product and institutions which can assist producers both at the local and national levels.
- Science/Technology issues address the technology which exists for the product and improvements which can assist in the development, research and training of producers with new technology.

Bhandari (2008) explains poverty is a state in which resources are lacking to meet the necessities for living. The causes of poverty vary over time and lifecycle due to unemployment, old age, low pay, and loss of bread-earner, ill health, etc. One important means of fighting poverty including others in developing countries would be to create work and generate income. Generally, income at the base is the only means to stimulate the local economy. In this regard, the development of micro-enterprises can play a great role for sustainable economic growth of the poor. Since micro-enterprises aim to diversify livelihoods and

increase the earnings of low-income families, it has a great support to the poor households. Development of micro-enterprises makes the optimum use of local resources and decreases the rate of unemployment in rural areas.

ILO (2003) stated that many MSEs offer poorly paid and insecure employment with inadequate working conditions. Very few micro enterprises survive long enough to grow into small enterprises. The MSEs also face new challenges as the impact of globalization takes effect; competition from outside Nepal could easily lead to an erosion of many of the benefits the sector currently provides. ILO have drawn issues from a survey of MSEs conducted for the project as well as from secondary data sources, the following features of the MSEs emerge:

- Female participation is conspicuously high in the micro enterprise sector, but drops off in the small enterprise sector.
- Micro enterprises are more common in rural settings, whereas small enterprises are most likely to be found in urban settings.
- Most micro enterprises are young having started in the last four years.
- The majority of micro enterprises are not registered with either central or local government authorities, while 60 percent of small enterprises surveyed were found to be registered with at least one government authority.
- Registration is less common among female-owned and managed enterprises.
- It is more common to register with central government agencies.
- Most micro enterprises tend to operate in local markets..Small enterprises also concentrate on local markets, but there is more evidence of these enterprises entering broader markets.
- Urban micro enterprises sales are greater than rural ones, but not for small enterprises.
- Micro enterprises were found to supplement other activities, illustrating how enterprise development is used to respond to situations of economic hardship.
- Most MSEs are heavily reliant on informal finance.

Pandey (2006) further explains, to sustain microenterprise activities however the entrepreneurs require training programmer regularly to upgrade the knowledge, skills and technology. He furthers writes development and promotion of micro enterprises in Nepal has been hindered due to some major factor: First lack of easy access to micro –credit is the most crucial constraint and therefore, Micro enterprises are unable to utilize the economic opportunities available in

the local area in sustainable and successful manner. Promotion of micro informal enterprises is required in their overall productivity enhancement considering resource allocation, i.e. Credit facility. Secondly, Micro Enterprises lack knowledge and skills to produce the items as per market demand.

Therefore, promotion-based training is next important component, which should be poor community -friendly and it should be provided to potential and interested Individuals to upgrade their knowledge and management of enterprising skill. Excellent entrepreneurs will be produced only if trainings are provided at different stages and levels. Monitoring is essential for validating and use of trainings. Thirdly, labour and capital productivity and rate of surplus are other measures to promote Micro Enterprises. These include the considerations of skill up-gradation, management, and technological improvement. Lastly, other constraints of micro enterprising development include (i) limited backward and forward linkages, (ii) lack of market chains and price chains of the products, and (iii) lack of market places for selling within the cities.

In addition MEDEP/UNDP/MOI (2010), stated development and promotion of Micro Enterprises in Nepal has been hindered due to some major factors: First, lack of easy access to micro-credit is the most crucial constraint and, therefore, Micro-Enterprises are unable to utilize the economic opportunities available in the local area in sustainable and successful manner. Promotion of micro informal enterprises is required in their overall productivity enhancement considering resource allocation, i.e. credit facility. Secondly, Micro Enterprises lack knowledge and skills to produce the items as per market demand. Entrepreneurs will be produced only if trainings are provided at different stages and levels. Monitoring is essential for validating and use of trainings. Thirdly, labour and capital productivity and rate of surplus are other measures to promote Microenterprises. These include the considerations of skill up-gradation, management, and technological improvement. Lastly, other constraints of micro enterprising development include (i) limited backward and forward linkages, (ii) lack of market chains and price chains of the products, and (iii) lack of market places for selling within the cities.

In addition importance stated by the MEDEP/UNDP/MOI microenterprise's roles are important since they possess the features like self employment generation, employment to poor and women, use of local resources, meeting basic needs of the poor, traditional enterprise/skill and craftsmanship, labour intensive, self satisfaction on the job, entrepreneurship and innovative (skill learned through apprenticeship method), and fair income distribution among the poor.

Mohanty et al (2013), summarizes in their study that the microenterprise programme is as an important mechanism for empowering rural Odisha women. Briefly, it can be concluded that despite of few weaknesses, involvement of women in microenterprise training demonstrated a number of positive attributes in terms of operational simplicities, better accessibilities, wider outreaches, emphasis on women empowerment and availability of a wide range of credit and non- credit services.

According to Koirala (2007), in her study four problems faced by entrepreneurs included inefficiency of the time management, lack of availability of resources, lack of modern technology and limited human resources.

Study of Chaudhari, (2010) on vegetable-based micro-enterprises in Kapilbastu District: a case Study of Mahuwa and Dharmapur Settlements, Kapilbastu District", concludes most of the surveyed households in study were involved in farming due to high illiteracy. Though vegetable cultivation was taken as an enterprise, the productivity was low. The low productivity was because of the use of traditional technology, lack of skill training and unavailability of high-yielding seeds and fertilizer on time. Though information is power, it adds to cost as well. Vegetable entrepreneurs were accessing information from the family and neighbors due to which they had hard time to be competitive in the market. Despite the problems being faced and low productivity, vegetable enterprise was found giving a good return to the entrepreneur. It was found effective for poverty alleviation. As most of the vegetable entrepreneurs are illiterate and are lacking necessary skills to improve the vegetable enterprise, they should be provided with basic literacy and necessary training in skill development. Vegetable entrepreneurs still use traditional agricultural technology. Modern agricultural technology, improved seeds should be made available to improve production. Transportation is a big problem for the producers.

Younghang (2010) report on livestock-based micro-enterprise and Its effectiveness on poverty reduction: A study in Hansposa VDC of Sunsari District, that the most common problems for livestock-based micro-enterprise development in the study area are the lack of financial institutions, low-yielding breeds and institution for technical skill development. Livestock rearing is still of subsistence in nature and there is a lack of systematic cultivation of fodder and forages. Many farmers reported death of their chicken and livestock by unknown diseases, which could be due to lack of vaccination and appropriate treatment. Most of the buffalos, chickens and goats are low quality breeds. Similarly, the increasing price of livestock feed is also the crucial problem for development of livestock micro-enterprises in the study area.

Pandey (2006) explains in his study that, to sustain the micro enterprising activities however, the entrepreneurs require training programmer regularly to upgrade the knowledge, skills, and technology. The training would also be essential to attract more new entrepreneurs. Support programs such as use and dissemination of technology, skills, exhibitions and extension services at local level should also be a priority focus of the micro-enterprise development. There should be a proper network for the flows of industrial information, raw materials, technology, market and enhancement of management, quality of the products, etc.

2.4 Impacts of Micro-enterprise

Impacts are any long term positive of negative effects of the activities or the intervention that has been implemented. Weisbrod (1997), explains economic impacts are effects on the level of economic activity in a given area. They may be viewed in terms of: (1) business output (or sales volume), (2) value added (or gross regional product), (3) wealth (including property values), (4) personal income (including wages), or (5) jobs. Any of these measures can be an indicator of improvement in the economic well-being of area residents, which is usually the major goal of economic development efforts.

MEDEP (2002) reports that, this program has been successful in raising the income of more than 4,300 poor families (household) coming out of the poverty line. Blayney et al (1985) demonstrated that empirical data demonstrate that most small and microenterprise -projects have a positive impact on income of the assisted entrepreneurs and their employees. Some of the factors that affect the

degree of impact of a project are: economic environment, subsector assisted (manufacturing, service, commerce), productive capacity of the enterprise, level of entrepreneurial development. Even allowing for regional diversity and exogenous variables, the overall trend ranged from positive to highly favorable.

Impact assessment report of the MEDEP (2010) systematically analyse the changes brought about by it in the socio-economic conditions and livelihoods of its beneficiaries and to know how its beneficiaries have benefited by operating micro-enterprises. The study covered first 10 years period which is comprised of first phase (1998-2003) and second phase (2003-2007). It was carried out in 9 districts (Parbat, Nawalparasi, Dhanusa, Pyuthan, Dang, Sindhupalchowk, Udayapur, Kavre Planchowk and Kailali) representing first and second phases. The conclusions on Employment, poverty reduction and livelihoods wereः

- More employment can be created when micro enterprise development programmers' promotes enterprises like non-farm, food products, and forest based, all of which have a high potential for value addition. The likelihood of generating employment through enterprises like agriculture and service is less.
- The proportion of participants diversifying their enterprises is relatively higher among agriculture entrepreneurs followed by service.
- Of the total income among participants, share of enterprise is highest. A higher proportion of participants have moved to higher income ranges than non-participants.
- MEDEP's contribution to increases in ownership of houses, improvements in roofing material; quality of floor, access to safe and drinking water, improvements in sanitation, access to electricity, access to physical assets, ownership of livestock, participation in community forestry groups is both positive and significant.
- MEDEP intervention increased the proportion of HHs using electricity; average monthly saving in groups and cooperatives and perception of increase in bankability and negotiating skills.
- Access of participants to community organizations has increased significantly.
- The number of months of food sufficiency has increased for both participants and non-participants. However, the increase was significantly higher among participants.

- MEDEP did not contribute to increase migration but, in fact, it might have lowered/reduced the probability of migration.

Pandey (2010), shares the finding of impact study done in Nawalparasi district that, that there are seen impacts of the micro-enterprises on improving livelihoods of the entrepreneurs' households. The average monthly income reached to Rs 4,841 and with this income, most of them have been able to buy basic needs like foods, education, health, and festivities. The trend of production of the enterprises, as well as investment and income has been increased tremendously, which meant that there are great potentials for further development of the enterprises based on locally available resources in the district. If the programmers' like MEDEP are initiated to attract more local people to undertake enterprising activities, as well as to support sustaining of the existing ones by means of different awareness training on improved skill, knowledge, technology and enterprises, poverty alleviation can take place in rural Nepal. He, further adds that, In the MEDEP districts including Nawalparasi, many micro-enterprise programmers such as beekeeping, bamboo products, chemical and chemical related, food and beverage, shoes making and leather, metal and engineering, repairing, fiber and textile, wood and timber products, sewing and tailoring etc. Have been launched to deal with poverty alleviation. But no research or information documentation on the impacts of such programmes in poverty reduction is available.

Akram et al (2015) in their study concluded that, Socio –economic empowerment of women is an important phenomenon and micro enterprises seemed to be the important tools for empowering the women socially and economically. In this study microenterprise was taken as independent variable while economic empowerment was taken as dependent variable. Moreover impact of microenterprises was examine done three dimensions of socio economic empowerment which include freedom of movement, economic Empowerment and social uplift. The results showed that impact of micro enterprises remain slightly low for social uplift, better for freedom of movement while it contributed most positively through economic freedom. To sum up this whole discussion it can be concluded that microenterprises contribute in socio-economic empowerment of women in Azad Kashmir.

Gurung (2010) writes about the positive impact on social inclusion through microenterprise results that, Dalit entrepreneurs and their families in the field of education, health, accumulation of household assets have appeared. They participate in group formation, community discussion and meeting local development activities, and access to public offices without hesitation. In addition, the micro-economic activities based on locally available resources have provided opportunities to them to earn income. Training on skill and enterprising development and credit support are two essential aspects for Dalit to undertake microenterprise.

Koirala (2010) analyzed the impact of NTFP-based microenterprise in poverty alleviation of Janajati in Nawalparasi district and summarized the result. The enterprises were based on plant resources such as Patel, bamboo, and Sal leaves. The finding have in improvements in the condition of income, food sufficiency and its consumption, accumulation of assets, education and health and participation of enterprises.

Adikari (2010) concludes in her study " economic empowerment of women: An impact study of microenterprise in Nuwakot district " that, the socio economic sanction of women has changed and women's access to and control over the resources has increased. As a result, the empowerment level in decision making and expenses on their own needs, their children's need and family improved. Empowerment of women through self reliance, entrepreneurship skills and management, awareness training requires to be continues.

According to study finding of Rana (2006) on "change in the livelihood of Raute through micro-enterprise development initiative", they have gradually adapted to change from nomadic to sedentary life system, formed enterprising group and participated in the community development. Increase accesses to education, social capitals owned by Rautes. However, they have faced the problems of restrictions on their mobility and access to forest resources, environment degradation, displacement, market economy resulting into pressures on social and kin relationship, etc.

Bhandari (2008) summarizes in study of socio-cultural and economic effect of micro-enterprise development programme in Byangdhunga community shoe production Entrepreneurs of Tukucha Nala - 2 of Kavrepalanchok District" reports the effects were judged on the basis of household survey focusing on the

economically effective areas. It was done with the help of 11 close-ended questions. The results revealed that self-respect economically was the most affected area and the extracting raw materials, manufacturing goods and selling finished products were the second most affected areas, while Knowledge about capitalism, globalization, communism, industrialization were the least affected areas. The income made by these 24 entrepreneurs was Rs 239,447 (191% increase) as compared to Rs 82,131 before the MEDEP intervention. The results showed that believing in group effect was the most affected area and attending social meetings as the least one. On the other hand, three areas namely respect from the family, and respect from relatives, and schooling of the children was found as the non-effective areas.

Chaudhari (2010) writes detailed positive impacts of vegetable-based micro-enterprises in Kapilbastu District: A case Study of Mahuwa and Dharmapur settlements, Kapilbastu District, micro-enterprise generates employment and contributes significantly to alleviate poverty in rural areas. Because of its labour-intensive nature, vegetable-based micro-enterprise generates a large number of employments. Despite its importance in generating employment and income, farmers still depend on their traditional knowledge and skills for growing vegetables. In order to analyse vegetable-based micro-enterprise, this study was undertaken in Mahuwa and Dharmapur settlements of Kapilbastu district. Though vegetable cultivation was taken as an enterprise, the productivity was low due to the use of traditional technology, lack of skill training and unavailability of high-yielding seeds and fertilizer on time. Despite the problems being faced and low productivity, vegetable enterprise was found giving a good return to the entrepreneurs. It was found effective for poverty alleviation. Even though the study was limited to two small settlements, it has shown that to enhance farm income from vegetable enterprise, modern agricultural technology and improved seeds should be made available to the entrepreneurs.

Younghang (2010) explain, the major sources of cash income from livestock are milk, meat, manure and live animals. In rural areas where only a few employment opportunities are there, self-employment is important for poverty reduction. In the study area, livestock was found to be good source of self-employment and results have shown that livestock-based micro-enterprises are effective in generating income to reduce poverty.

Joshi (2008) concludes it was found that women's participation in the micro-enterprises was high and the income made from the enterprises was satisfactory for them. It is concluded from these findings that micro-enterprises have a tremendous potential in the socioeconomic upliftment of the rural women.

CHAPTER-III

RESEARCH METHODOLOGY

Research is a broad term that applies for searching new ideas theory solving problem etc. It is also carried out in a systematic ways as per the nature of research .social science is different from other field : it, has is on method and methodology so, this section as it tells how to deal with a research problem which further contains work , plan and describes the activities necessary for the completion of the research study. It contains the research design, selection of the study area, nature and source of data, method of data collection, sample size, processing and data analysis etc. To sum up it is a whole is a systematic way to solve the research problem!

3.1 Research Design

This thesis research was carried out on the basis of exploratory and descriptive research designs. A descriptive as well as analytical research design has been adopted in order to analyze and interpret the quantitative and qualitative data, collected from the respective field. Such a research design helped to find the defined objectives

3.2 Rationale of the Selection of Study Area

The study area covers the Falaincha VDC of Panthar District. The study area was purposively selected for the study because 32 micro enterprises were running there and nearly 40 employees are working in regular basis through these enterprises. The agriculture is the major source of income of villagers and some are also involved in Business and micro enterprise is also contributing in livelihood of the rural community and there are positive impacts and it only covers the positive impacts. Different type of micro and small enterprises in that cluster which can be represent the symbol of this district. It is 80 km north-east from district head quarter Fidim Bazar. The VDC linked by Madya Pahadi Highway. The dominant population is Janajati and with some clusters of Dalit. The VDC summary is listed as below:

Table No 1: Description of Falaicha VDC

S.N.	Features	Description
1	VDC Boundary	India border of chiwabhanjang in the east, Oyam VDC in the west, Taplejung dstrt in the north and Jogmai Khola in the south.
2	Climate	Sub-tropical
3	Population	3273 (Female:1685 and Male:1588), Households: 718
4	Main Occupation	Agriculture &
5	No. Of Schools	(10 Secondary Schools,1 Higher Secondary School, 1 Lower Secondary School, 6 Primary Schools and 2 Private schools)
6	Literacy rate	88.09% (Female- 83.99% and Male-92.02%)
7	Major Religions	Hindu, Kirat, Bouddha, krischin
8	Major Language	Nepali, Limbu, Rai,
9	Major Groups	Brahmin/Chettri, Limbu, Rai, Newar, Bishwakarma, Tamang, Darji, Magar, , Sarki, etc.
10	Major cereal crops	Rice, Corn, Millet, Wheat, Mustard
11	Vegetable crops	Potato, <i>Skus</i> , beans, <i>Rayo</i> , Radish, peas, cucumber, pumpkins, cauliflower
12	Cash crops	Cardamom, Broomgrass, Ginger, Potato, Milk,
13	Fruits	, Pear, Peach, Plum, Guava, Mango, Banana etc
14	Major domestic animals	Cow, Oxen, Buffalo, Goat, Pig, Poultry
15	Organizations	Community-based Organizations, Non Governmental Organization, Women's saving and credit groups, Community Forest
16	Postal Service	Elective Post Office, ward no-4
17	Health Service	Weekly Clinic: Ward no-4, Private Pharmacy
18	Rivers	Mewa Khola, iewa Khola, Falam Khola etc.

Source: Namsaling Community Development Center

Although the area of study of this research is very far from the district head quarter of Panchthar but can be reached there through bus and taxi. The VDC linked by Madhya Pahadi Lok Marg with district head quarter. This is one of the border area of Nepal and India. Madya pahaydi lok Marga also begins from which is also a factor of development.

3.3 Sampling Procedure and Sample Size

As Falaincha VDC, of Panchthar was selected purposively for study area as there were about 32 registered and not registered micro enterprises and only 25% of this sample size (n=8) simple random sampling.

3.4 Nature and Sources of Data

The present study is mainly based on primary as well as secondary data. Quantitative information were also taken.

3.4.1 Primary Data

The main method for collection for the primary data was collected through of the interviewed microenterprises owner along with the direct field observation,

3.4.2 Secondary Data

The secondary Source of information from documentary source: books, reports of survey, official published data, and unpublished documents. The documentation of the micro enterprise were done on basis of the secondary data available in the office of Namsaling Community Development Center and the different government and non government line agencies working in the study area in sector of micro enterprises.

3.5 Data Collection Tools and Techniques

The primary data was collected from the interview and secondary data available from different private firm, government and non-government organization working in micro enterprise sector along with the report and articles. To collect primary data, the structured questionnaire, and semi unstructured and open end type of interviews were taken.

3.5.1 Questionnaire

Structured and semi structured questionnaire was prepared to generate the realistic and accurate data from microenterprise owner. The respondents was asked and filled out the questionnaires to collect require the data.

3.5.2 Observation

Micro enterprises activities in the Falaincha VDC, working and other different activities was observed in the firm and figured out different aspect needed for this research study related to micro enterprises and cross checking the reliability of the information.

3.6 Data Presentation and Analysis

Data processing and analysis was done by using simple statistical tools and programs Ms excel as per requirement of research design. Using quantitative as well as qualitative tools the systematic analysis has been made. The data interpreted with additional information simple statistical tools such as, percentage, average have been used to present the finding. The descriptive results were used in the open end type of the question and qualitative questions.

CHAPTER-IV

PRESENTATION AND ANALYSIS OF SURVEY DATA

This chapter deals with the general and detailed information of respondents of the socio-economic aspects of study area, out of total households that have been taken as sample and done the survey. In this chapter, general household information of micro enterprise holder was done.

4.1 Basic Demographic Features

The study area is Falaincha of Pachthar district, which is situated far eastern development region. There were 32 registered and non registered micro enterprises as per the survey and NCDC (Namsaling Community Development Center), the non-governmental organization. Samples were taken as per the academic criteria requirement. Socio-economic impacts were analyzed with the help of the social and economical indicators. The demographic characteristics of a population, esp. as classified by age, sex, income, etc. are for this study. Economic indicators such as expenses, income, saving and comparisons of various indicator related to the economics were taken and quantitative analysis were done situation before the interventions of micro enterprises and the situation now.

Table No: 2 Detailed Information and Number of Beneficiaries

S.N	Address	Enterpises Type	Number of beneficiaries
1	falaincha 9	Hate kajoj	50
2	falaincha 5	Beautyparlor	60
3	falaincha 4	poultry foam	40
4	Falaincha 4	motercycle workshop	50
5	falaincha-5	Thakki banaune	50
6	Falaincha-5	poultry foam	30
7	Falaincha-4	Furniture udhog	120

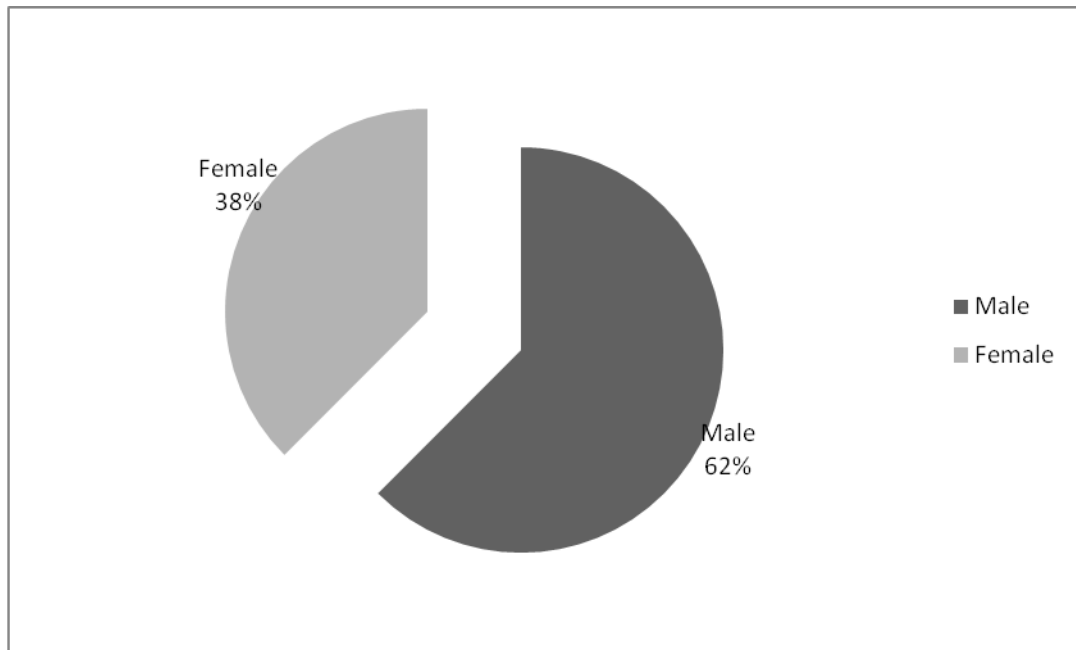
8	Falaincha-4	Kutani pesani mill	60
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Source: Field Survey, 2017

4.1.1 Gender Participation

Gender is defined by FAO as ‘the relations between men and women, both perceptual and material. Gender is not determined biologically, as a result of sexual characteristics of either women or men, but is constructed socially. It is a central organizing principle of societies, and often governs the processes of production and reproduction, consumption and distribution’ (FAO, 1997). Despite this definition, gender is often misunderstood as being the promotion of women only. However, as we see from the FAO definition, gender issues focus on women and on the relationship between men and women, their roles, access to and control over resources, division of labour, interests and needs. Gender relations affect household security, family well-being, planning, production and many other aspects of life (Bravo-Baumann, 2000). The Participation of men and women in the survey and It was found that out of total 38% of the respondents were female and remaining 62% were male (fig.2). The one under whom the micro enterprises was registered only those were interviewed for the survey purpose to meet the objective of this research study. The participants were chosen randomly and interviewed to fulfill the objective set for the study. The participants were taken randomly from the list of entire micro enterprises holder and he data are analyzed and resented here in tabular form.

Figure No 1: Gender participation

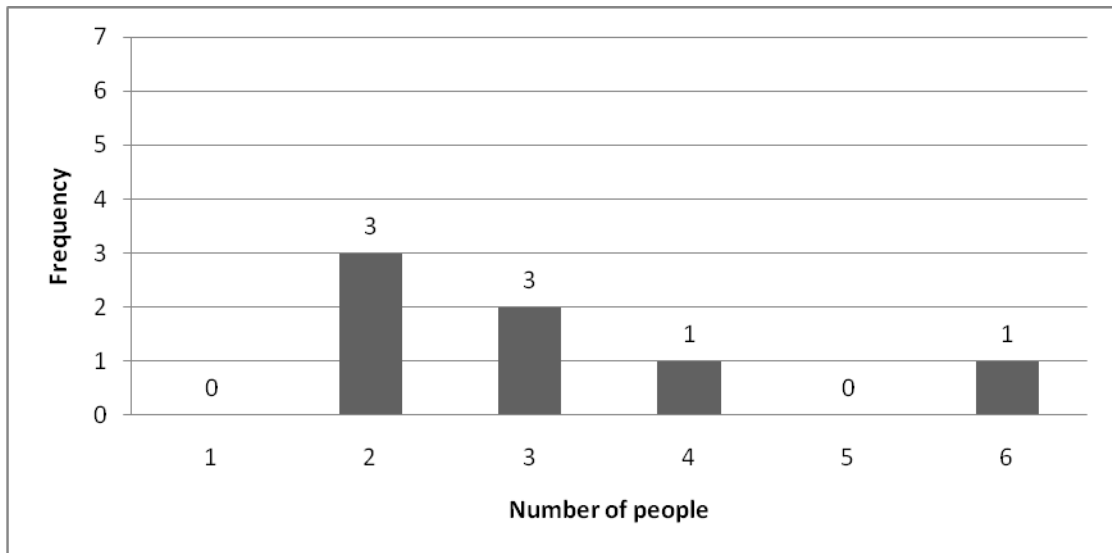


Source: Field Survey, 2017

4.1.2 Household Size

Household refers to a person or group of persons who occupy the same dwelling and do not have a usual place of residence elsewhere. The dwelling may be either a collective dwelling or a private dwelling. The household may consist of a family group such as a census family, of two or more families sharing a dwelling, of a group of unrelated persons or of a person living alone. Household members who are temporarily absent on reference day are considered part of their usual household. **Size** refers to the number of persons or things in the statistical unit or to its physical dimensions. In the context of household, size refers to the number of persons residing in private households. Household size of the in the study area had average household size of 2.7. The household size of the studied household was found to be relatively small .

Figure No 2: Household Size



Source: Field Survey, 2017

There were no much difference in the male and female proportion, but the family size ranged from 2-6 members in a family. There were an equal proportion of male and female in the study area.

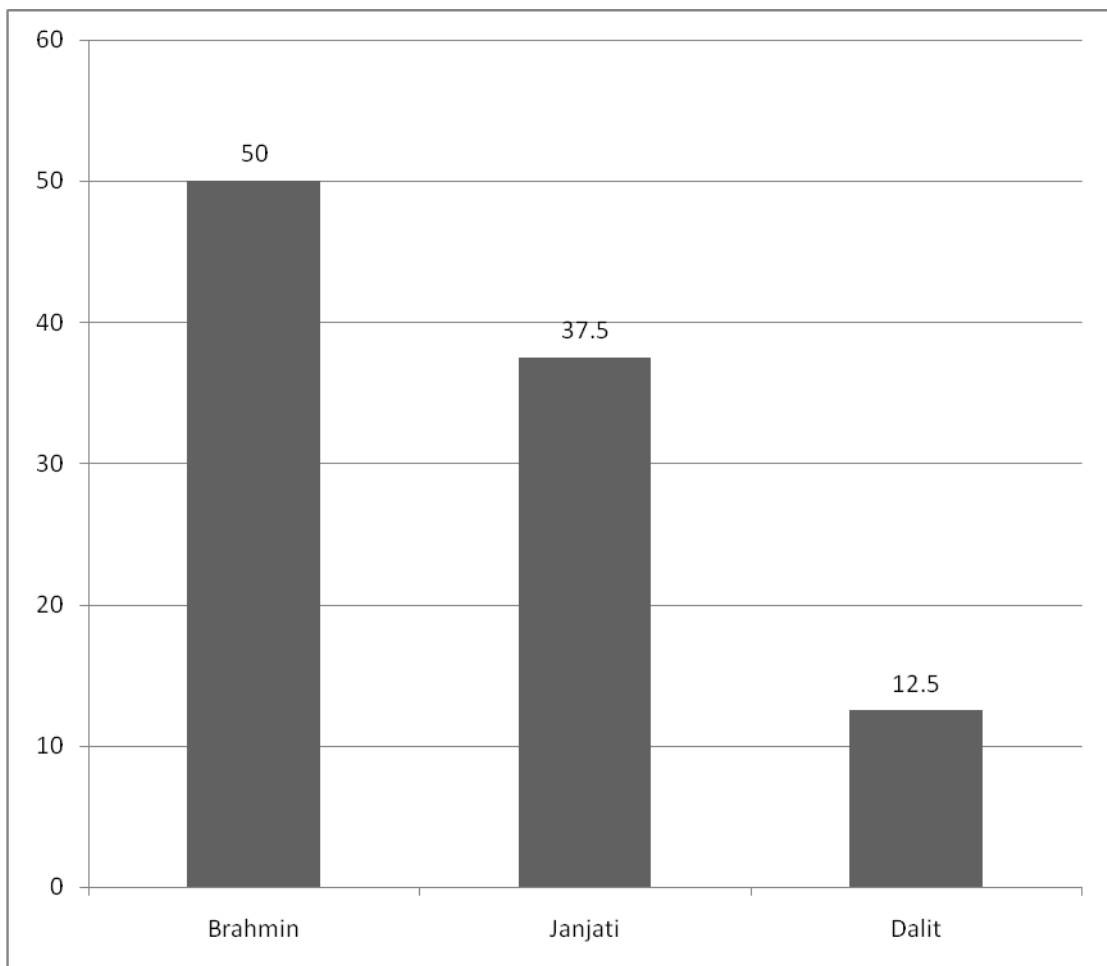
4.1.3 Ethnicity

Ethnicity is a category of people who identify with each other based on similarities, such as common ancestral, language, social, cultural or national experience Falaincha VDC is located at the remote area of Pancthar district is the place where there are different caste/ethnic group were found. The micro enterprises holders were Rai

Limbu, Dalit and Brahmin. It was found that these people were involved in enterprises which includes related to such as; hand paper, parlor, meat selling, mechanical workshop, poultry raising, furniture and mills.

People belonging to Janjati, Dalit and Brahmin were all involved in the micro enterprises regardless their caste and caste was not found to be the barrier for community to involving in the micro enterprises in the study area. The caste not much important while undertaking such activities in the Falaicha village. Moreover there were dispute and conflict have been arouse in the micro enterprise sector. The figure for this analysis have been recorded in order and presented here .

Figure No 3: Caste of Entrepreneurs Household

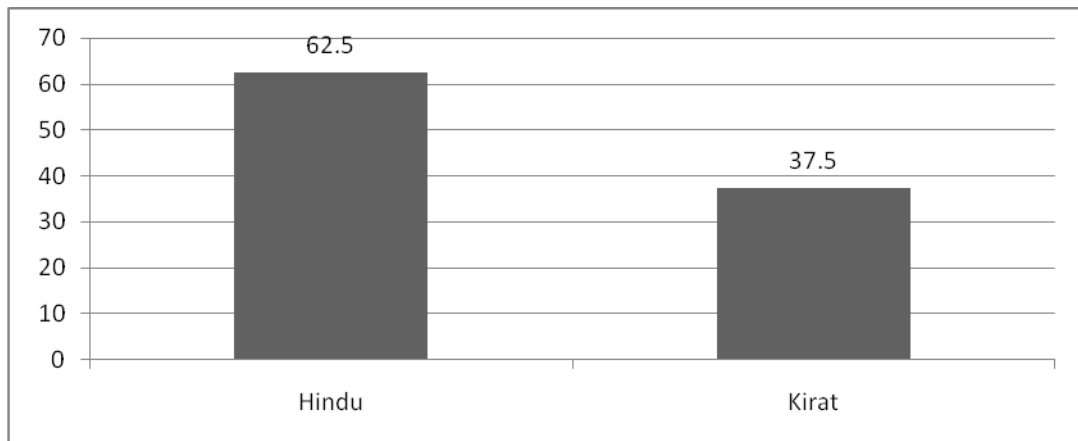


Source: Field Survey, 2017

4.1.3.1 Religion

The majority of the micro enterprise holders were, *Rai, Limbu Dalit and Brahmin* and, it was found that in proportionate to them that, 62.5% of them were Hindu and the remaining 37.5% were Kirat. The figure is presented as follows;

Figure No 4: Religion of the Respondent's Household

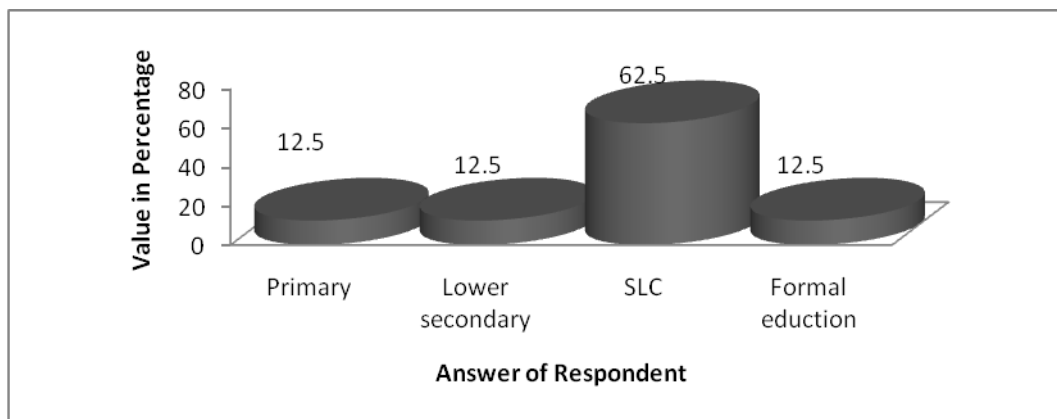


Source: Field Survey,2017

4.1.4 Educational Status

Education plays an important role for any practice, even running micro enterprises efficiently and effectively.

Figure No.5 Educational Status



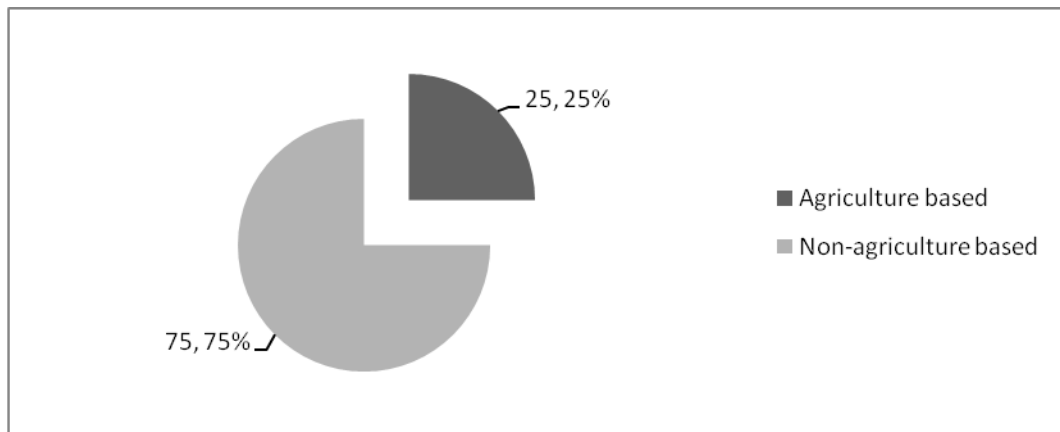
Source: Field Survey,2017

The educational status as it was 62.5% of the respondents were having school leaving certificate qualification, 12.5% each had lower secondary, primary level and formal education

4.1.5 Type of Micro Enterprise

Microenterprise is the main occupation of all the respondent. However the microenterprises were based on agriculture and non agriculture. Out of total 75.75% micro enterprises was based on non agriculture and remaining 25.25% was related to agricultural .

Figure No 6: Type of Micro Enterprise Base

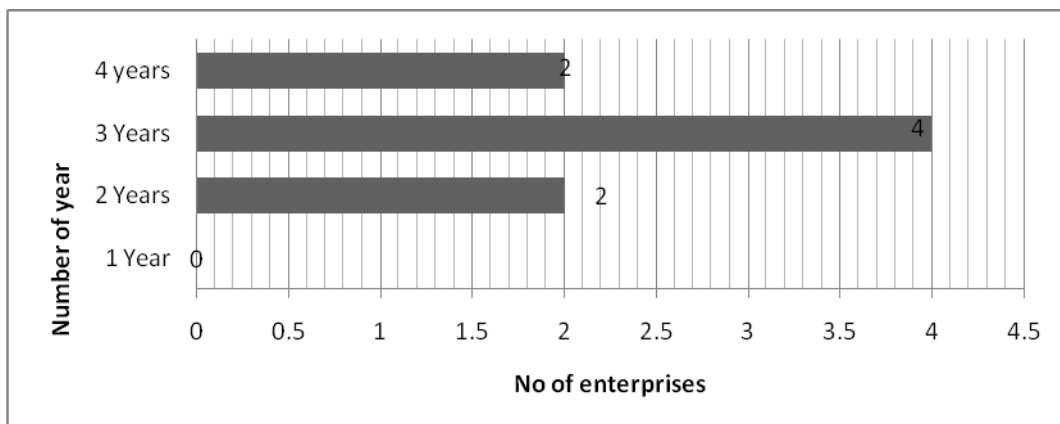


Source: Field Survey,2017

4.1.6 Number of Established Year

According to the field survey of out of total 4 micro enterprises was established 3 years ago and 2 each were established 2 years ago as per the field survey (fig. 8). It was not so long that these people had started the micro enterprises. The micro enterprises were not have been established for more than 5 years but having experiences more than the time they were registered. This has happened due to the reason that these micro enterprises were not having recognized formally as they were established in the rural area and been running they way they were at present.

Figure No 7: Number of Establishment Year

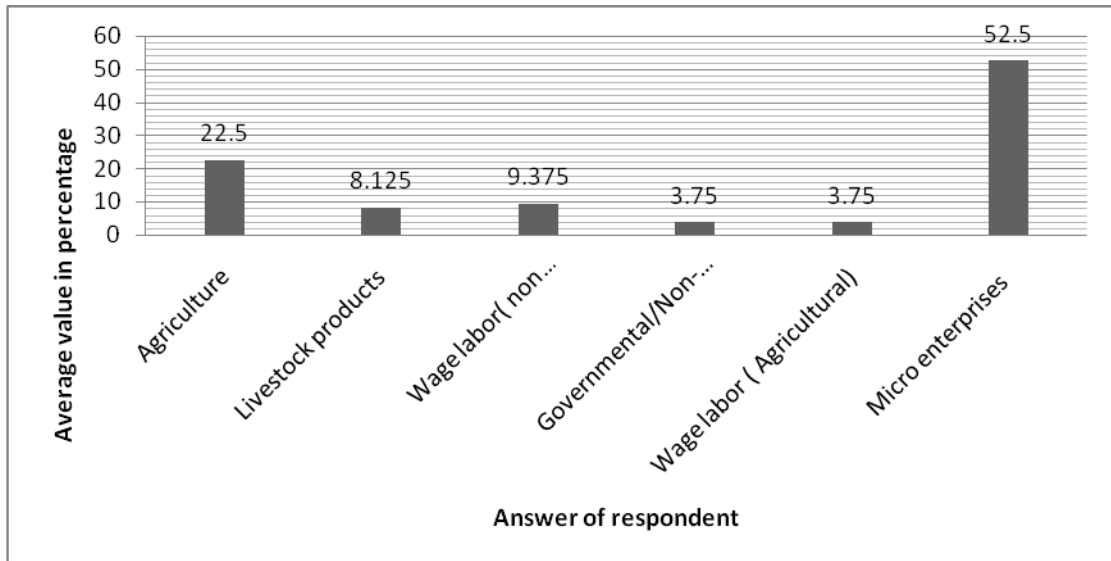


Source: Field Survey, 2017

4.1.7 Source of Income

The data on main income sources of the entrepreneurs was collected and analyzed as below in the figure.

Figure No 8: Source of Income



Source: Field Survey, 2017

The information and data related to the main source of household was recorded. It was obvious that the micro enterprise was the main source of income. It was found that on an average 52.5% income of the entrepreneur's family comes from the micro enterprise itself (fig .8). The other 22.5% comes from the agriculture, 8 % from livestock , 9.3% from wage labour base on non agriculture , 3.75 % comes from governmental service and rest comes from wage labour based on agricultural work on an average. It was found that micro enterprises serve majority of proportion for the income share of the household following agriculture.

4.2 Economic impacts

4.2.1 Living Standard

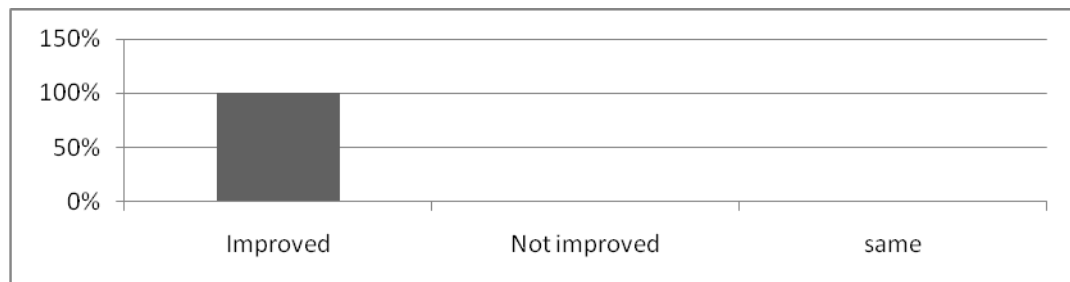
Standard of living refers to the level of wealth, comfort, material goods and necessities available to a certain socioeconomic class in a certain geographic area. The standard of living includes factors such as income, quality and availability of employment, class disparity, poverty rate, quality and affordability of housing, hours of work required to purchase necessities, gross domestic product, inflation rate, amount of leisure time every year, affordable (or free) access to quality

healthcare, quality and availability of education, life expectancy, incidence of disease, cost of goods and services, infrastructure, national economic growth, economic and political stability, political and religious freedom, environmental quality, climate and safety. The standard of living is closely related to (Investopedia, 2017).

However, in general the respondents were asked about the experiences with the living standard improvement with respect to income, affordability of housing affordable to healthcare and availability of education, purchasing necessities was taken into consideration and asked about the status and it was found surprisingly that the entire (fig. 10) respondent answered that their living standards have become improved regardless in what way. It was mainly focused in monetary term brought about by the intervention of micro enterprises.

The detailed analysis on how the living standard of the household have change before and after the micro enterprise have appeared have been done further in other section with the help of qualitative and quantitative data collected by the survey.

Figure No 9: Living Status

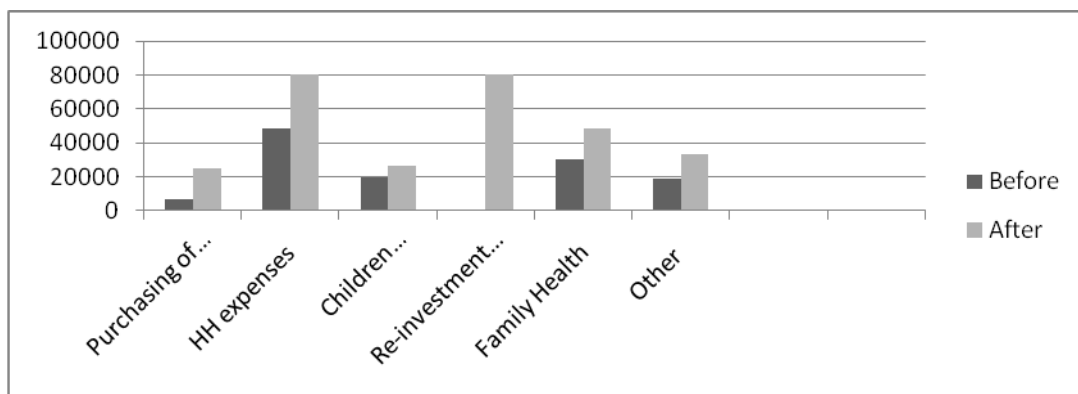


Source: Field Survey, 2017

4.2.2. Expenditure

The expenditure comparisons of the family before and after intervention of micro enterprises were done.

Figure No 10: Expenditure of Family Household



Source: Field Survey, 2017

The quantitative data and information was collected and the analysis was done taking an average of the total sample. It was found that for purchasing asset the respondent have spent 1,0000 on an average after the intervention of microenterprises and they have spent less capital for purchasing assets, which is below 20,000. Likewise for household expenses on yearly basis before it was below 40,000 and now it is almost 80,000 per year. The expenditure on children education has risen slightly before it was 20,000 per year and now it is around 25,000 per year. The reinvestment capacities on microenterprise have risen up significantly, which is was not there because they had no micro enterprise before

4.2.3 Income

According to Investopedia (2017) income is money that an individual or business receives in exchange for providing a good or service or through investing capital. Income is consumed to fuel day-to-day expenditures.

Table No: 3 Comparative Yearly Income of Entrepreneur

S.N	Now	Before
1	150000	80000
2	120000	50000
3	200000	80000
4	115000	60000
5	150000	30000
6	150000	70000
7	220000	60000
8	160000	60000

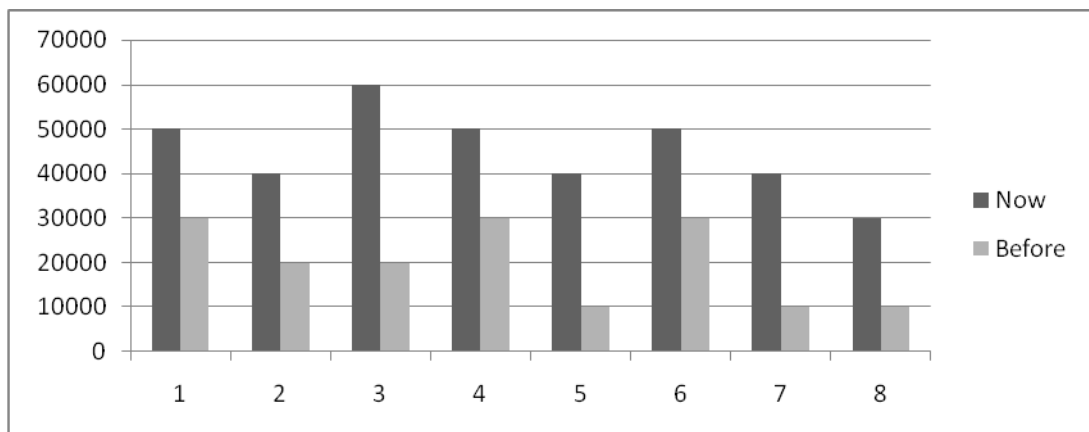
Source: Field Survey, 2017

Most people age 65 and under receive the majority of their income from a salary or wages earned from a job. Investments, pensions and social Security are primary sources of income for retirees. In businesses, income can refer to a company's remaining revenues after all expenses and taxes have been paid. In this case, it is also known as "earnings". Most forms of income are subject to taxation. The income status of family before and after the intervention of micro enterprise was compared. However the contribution of all the source in family income were included. Not only the income from was calculated, the calculation was done taking consideration of all other source of income, as the contribution of the micro enterprises had covered the largest portion as described earlier. The highest income on an average was around more than 60,000 per year and lowest was 30,000 per year how ever in compare to their previous situation there was two about two fold rise for each household

4.2.4 Saving

The respondents were interviewed about the saving situation before they were not having the micro enterprises and after having it. It was found that, entrepreneurs were able to save more than before after starting their micro enterprises. They were able to save more than before and the comparative saving of the micro enterprises are presented in the figure .

Figure No 11: Saving of Family Household



Source: Field Survey, 2017

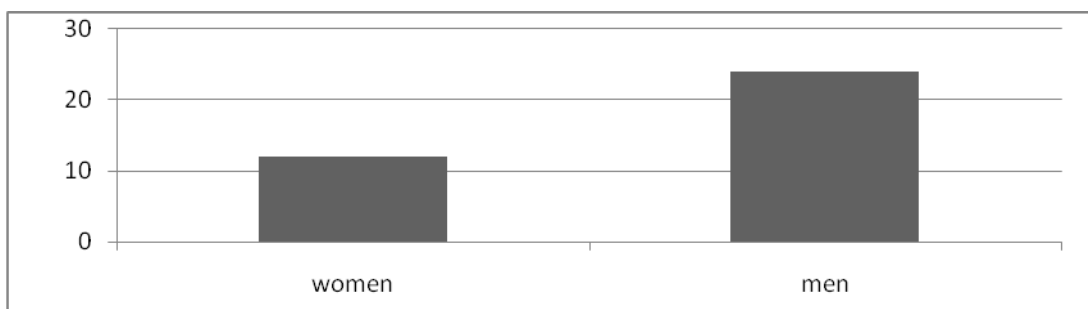
The main source for saving comes from the micro enterprises and the household were able to save almost 60,000 per year and minimum was 30,000 and before they used to save minimum 10,000 per year without micro enterprises. There was

the significant rise in saving capacity of the household and the contributions were given to micro enterprise.

4.2.5 Employment

The other impacts brought by the establishment of micro enterprise were the creation of employment in the micro enterprise. It was found by the survey that there were more than 20 men were working in micro enterprises and women were more than 10. The numbers of women were less than that of male.

Figure No 12: Employment Generation



Source: Field Survey, 2017

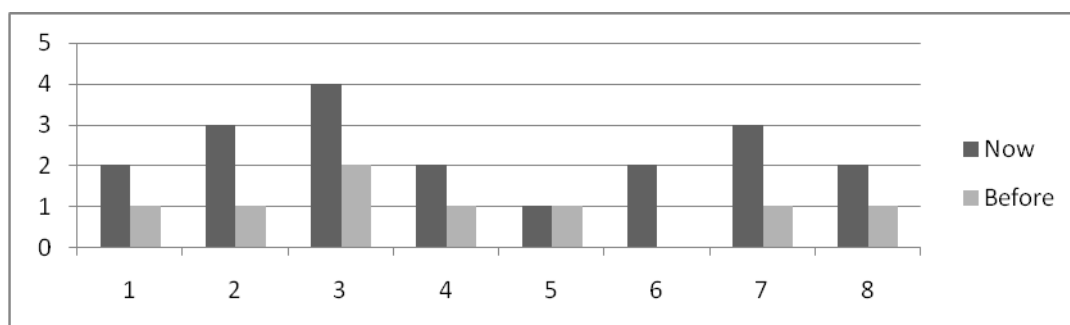
4.2.6 Physical Assets

The physical assets of the respondent were recorded with the situation before and after the intervention of micro enterprises. Various physical assets were taken into consideration and they were asked to keep in mind to include only the assets that they were able to buy from the income generated from the micro enterprise income.

4.2.6.1 Mobile Phone

The respondents were asked about the mobile phones that have been brought with the capital generated from the micro enterprise. They were asked how many mobile they had before the intervention of micro enterprises and how many they were able to add from the money they earned from the micro enterprises (fig.13) . It was found that on an average they were able to add one more mobile from the money they earned only from their micro enterprise which made them easy for communication to know the market situation.

Figure No 13: Number of Mobile Phone

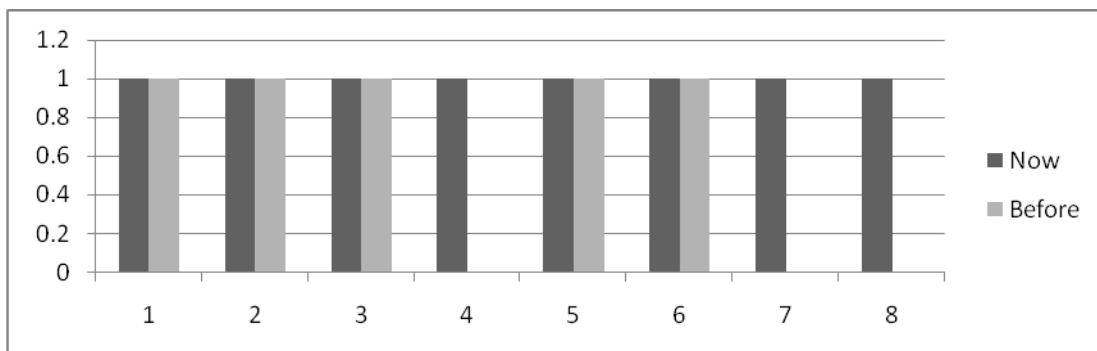


Source: Field Survey, 2017

4.2.6.2 Radio

Radio was important for people of Falincha, since they were able to get more information about the situation that might benefit or hamper their micro enterprise.

Figure No 14: Number of Radio



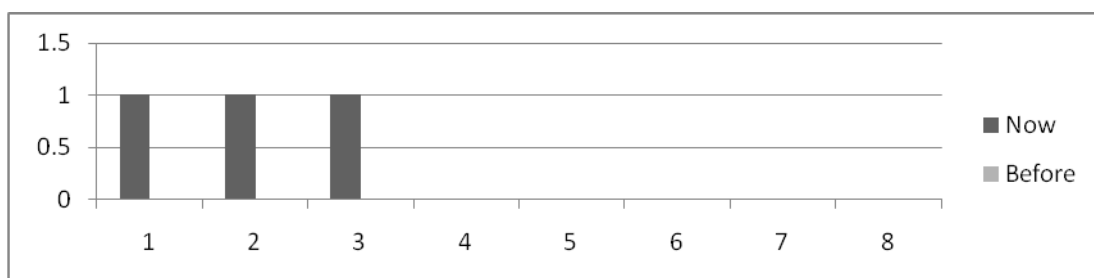
Source: Field Survey, 2017

It was found that most of the respondents were having radio before and only few of them were found to be buying new radio from the capital that were generated from the micro enterprises. On an average now every respondent has 1 radio with them (fig 14) and claims that radio is useful to get news that might be useful to their business.

4.2.6.3 Electric Iron

The respondents were asked whether they have been able to add physical asset Electric Iron or not and it was found the only about half of the respondent were having each of it and they were able to add it from the money they earned from the micro enterprises (fig.15) . Rest of the respondent had no Iron neither now nor before and they do not take it as important assets since they were living in remote area of the village.

Figure No 15: Number of Electric Iron

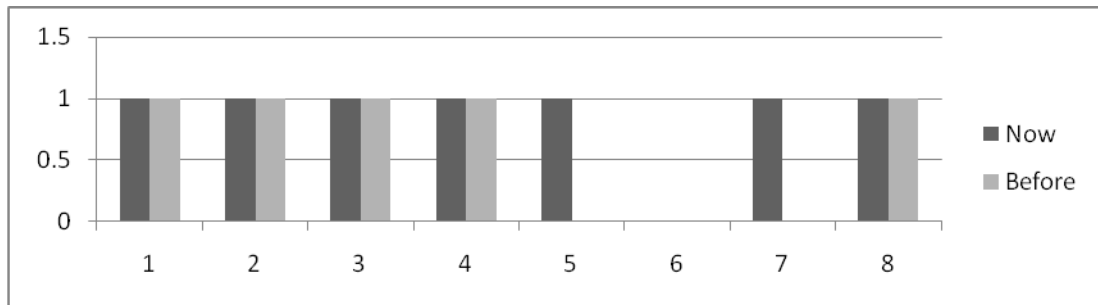


Source: Field Survey, 2017

4.2.6.4 Television

Television was also taken as an indicator for the physical assets. The respondents were asked that whether they were able to buy television with the money they earned from the micro enterprise. Most of the respondent had Television before the intervention of micro enterprises while some of the respondent replied that they were able to buy from the money they got from micro enterprise. However, not every respondent have Television till now.

Figure No 16: Number of Television

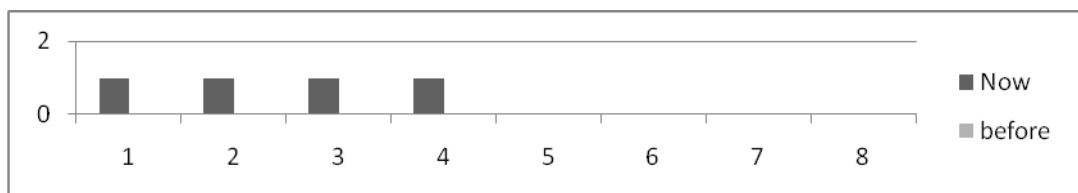


Source: Field Survey, 2017

4.2.6.5 Motor cycle

Respondents were asked about having Motor cycle. The situation now and then were asked and analyzed and it was found that entire respondent did not have any motor cycle. Half of the respondents now have a motor cycle and they reported that the some of the contribution came from the micro enterprises business to buy a new motorcycle which made them easy for travelling since they still have unpaved road and access of vehicle is still difficult year round.

Figure No 17: Number of Motorcycle



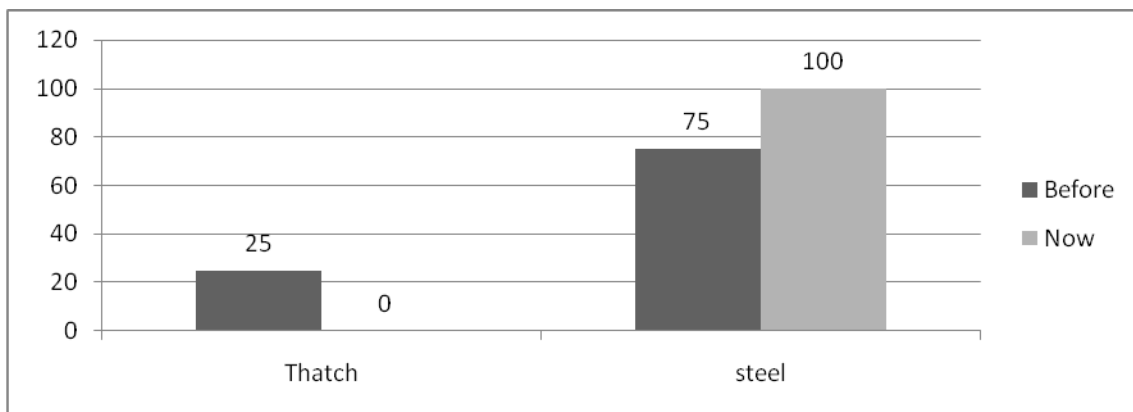
Source: Field Survey, 2017

4.2.7 Type of Roofing Material

Roofing material is the outermost layer of the house, generally supported by an underlying structure. A building's roofing material provides shelter from the natural elements. The outer layer of a roof shows great variation dependent upon availability of material, and the nature of the supporting structure. Those types of roofing material which are commercially available range from natural products

such as thatch and steel to commercially produced products. It also indicates how much household can spend for wellbeing and how much they have spent, their wealth status. The respondents were asked to compare the situation of their room before the intervention of micro enterprise and after the intervention of micro enterprises. It was found that now 100% of respondent has steel roof it was only 75% before and no one has thatch roof.

Figure No 18: Type of Roof Material

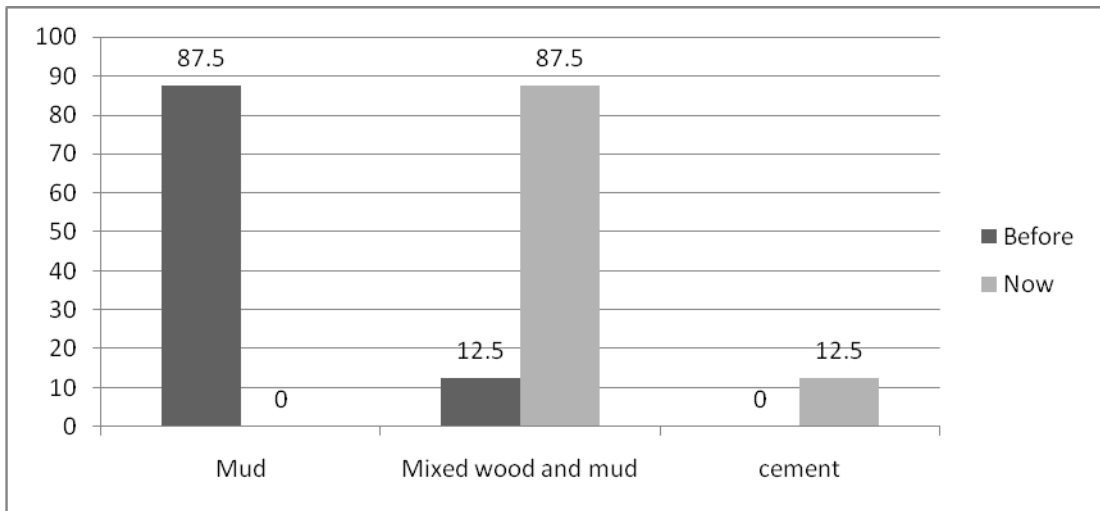


Source: Field Survey, 2017

4.2.8 Type of Floor Material

Flooring is the general term for a permanent covering of a floor, or for the work of installing such a floor covering. Floor covering is a term to generically describe any finish material applied over a floor structure to provide a walking surface. Both terms are used inter-changeably but floor covering refers more to lose-laid material. The improvement on their floor material was compare before and after the intervention of micro enterpises and it was found that now the situation have much improved now each espondent have mixed type of floor material accounting 87.5% along with 12.5% have cement .

Figure No 19: Type of Floor Material

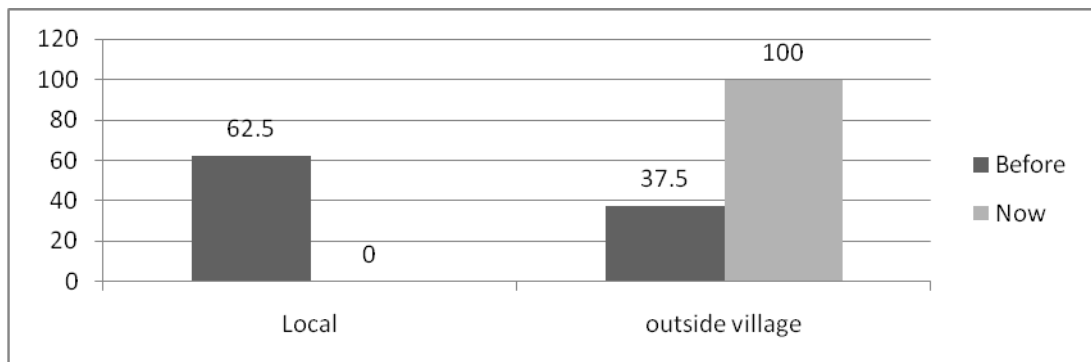


Source: Field Survey 2017

4.2.9 Access to Health Facilities

The access to health facilities are taken as the indicator for the economic improvement as the intervention of the microenterprise might help the respondent to earn more money to spend in better health facilities that might not be available in their village.

Figure No 20: Access to Health Facilities



Source: Field Survey 2017

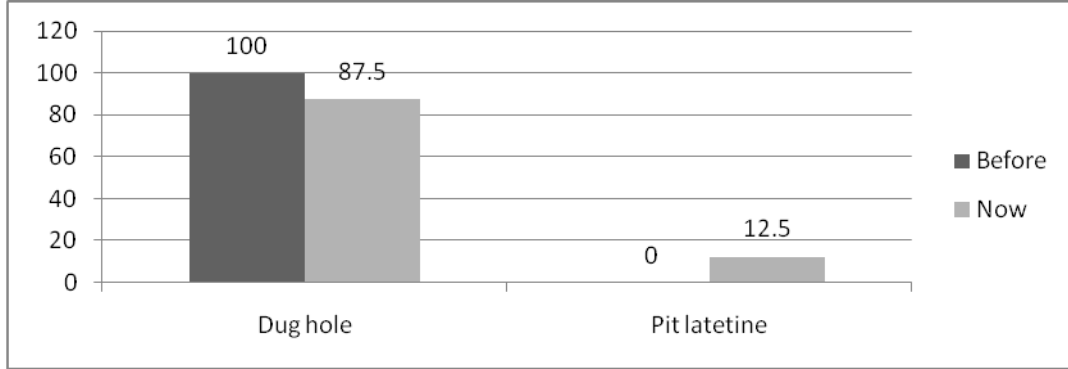
Meanwhile it was found the situation that the respondents were able to save more money and get an access to outside their village for better health services. The answer of the respondents were positive as entire 100% respondent have access to health facilities outside the village and before only 37.5% had access to health facilities outside the village for good health care.

4.2.10 Sanitation Infrastructure

Sanitation is the hygienic means of promoting health through prevention of human contact with the hazards of wastes as well as the treatment and proper

disposal of sewage or wastewater. Hazards can be physical, microbiological, biological or chemical agents of disease. Providing sanitation to people requires a systems approach, rather than only focusing on the toilet or wastewater treatment plant itself.

Figure No 21: Sanitation Infrastructure Status



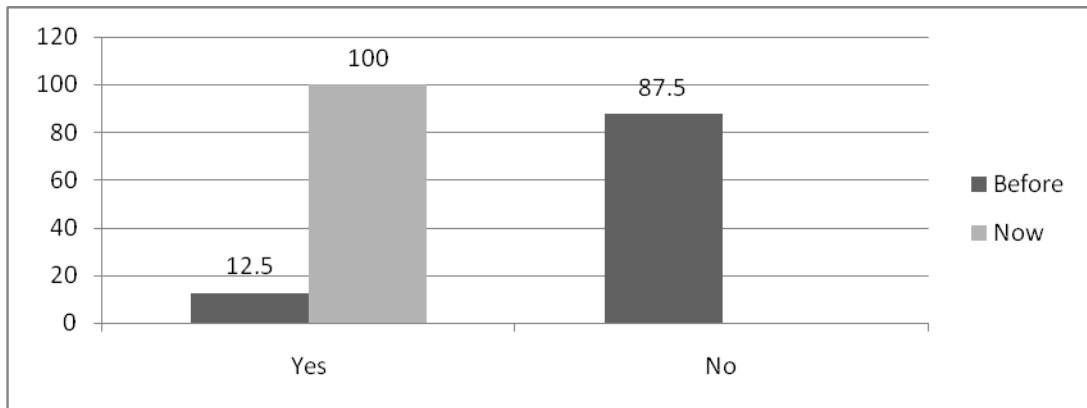
Source: Field Survey 2017

The situation was inter related with micro enterprises and compared before and after the intervention of micro enterprises the and it was found the respondent were able to spend some portion of income was spent on constructions of the pit latrine for the sanitation purpose . It was found that before entire respondent had dug hole latrine and now 87.5% have pit latrine and 12.5 % only dug hole latrine .

4.2.11 Loan Acquisition

A loan given to a individual to purchase a specific asset or to be used for purposes that are laid out before the loan is granted. The acquisition loan is typically only able to be used for a short period of time, and only for specific purposes. क्त धबक ायगलम तजबत बातभच तजभ प्लतभचखभलतप्यल या तजभ ढञ्चय भलतभचउचष्कभ भलतप्वभ चभकउयलमभलत जबक तजभ उयधभच तय बअत्रगव्वभ ढञ्चय यिबल ायच तजभ उगचउयकभ या मयप्लन तजभ ढञ्चय भलतभचउचष्कभ दगकप्लभकका इगत या तयतर्वा डठाछ् जबम लय अबउबदष्षित्भक तय बअत्रगव्वभ ब ढञ्चय यिबल लयध तजभ कप्तगबतप्यल जबखभ अजबलनभम अकउभितभधि बलम अचभमप्लत धभचभ ढष्वभ तय ढञ्चय भलतभचउचष्कभ।

Figure No 22: Loan Acquisition Status



Source: Field Survey 2017

4.3 Social Impacts

According to organization based in Scotland , Forth sector Development (2017), there is no one definition of the term or concept, but when we talk about ‘social impact measurement’ we are talking about understanding the effects on various people that happen as a result of an action, activity, project, programmer or policy. The ‘impact’ of this action or activity can be positive or negative, and can be intended or unintended, or a combination of all of these. An activity can have immediate and direct impact on certain people, but it can also have a more far reaching effect on people, organizations, institutions and entities which are not directly engaging with it. They might not even know they are being affected at all, but the ‘impact’ of the action might be very significant to them .A common way to think about social impact, from a social impact measurement point of view, is to consider it as the change that happens for people as a result of an action or activity. Since third sector organizations, their funders, government and public sector agencies, and some commercial businesses are often concerned with making positive changes happen for people and society, understanding the amount of change created by an activity can be very important when planning, designing, commissioning, funding or purchasing services.

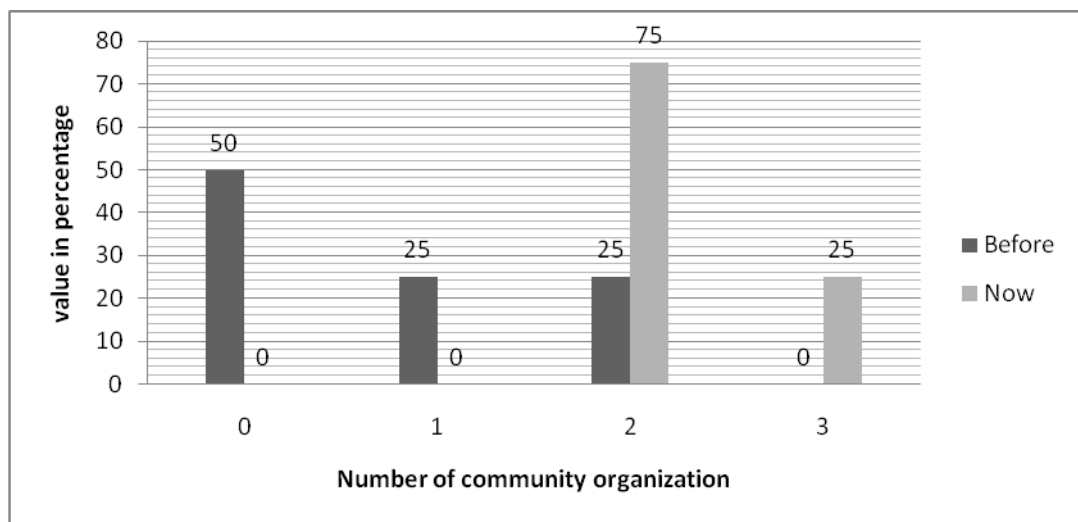
4.3.1 Membership in Community Organizations

The respondents were asked about the situation of their participation in social and community organization. the two situation before the intervention of micro enterprise and after the enterprises were interviewed. It was found that half of the respondent were not involved in any organizations and were not even a member and remaining 25% each were involved in 1 and 2 organizations. Now

after the intervention of microenterprises more than half 75% respondents were engaged in 2 community organizations and rest 25% were engaged in 3 community organizations. Now 100% respondents were involved in community organizations and take active participations.

The active participation of the respondents shows that, they have been empowered economically as well as socially. This active participation and empowerment were taken as the positive impacts of the establishment of their micro enterprises. The numbers of the respondent's involvement are presented in the tabular form.

Figure No 23: Involvement in Community Organizations

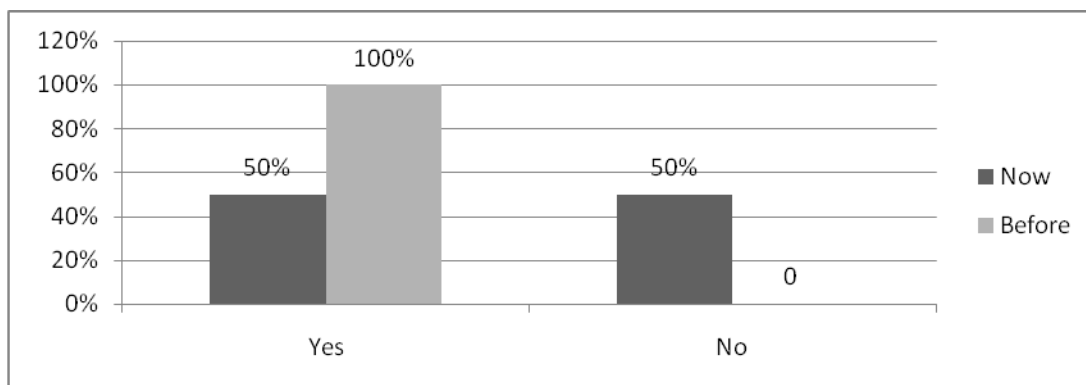


Source: Field Survey, 2017

4.3.2 Decision Making Position

Decision-making position is an important position of operational team leaders. Applying a systematic method to solve problems is critical to team performance and the safety of operations. Team members share the responsibility for solving problems by contributing timely and valuable information to the team leader in the community and society.

Figure No 24: Members in Community Decision Making



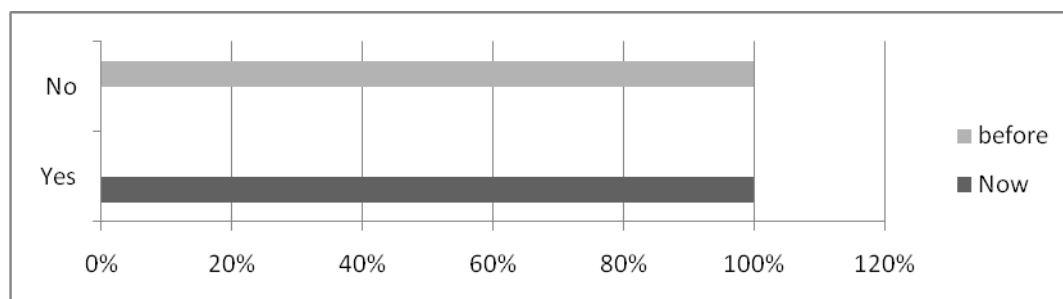
Source: Field Survey, 2017

The decision making position of the respondents were analyzed, they were asked whether they are in position where they can make important decision in the community. It was found that entire respondents were in position where they can involve in important decision making position in their community. This change of empowerment was brought by the intervention of the micro enterprises. Out of total 50% person was not in that position but now they claim that it became possible due to their involvement in micro enterprise that is what made them capable and strong.

4.3.3 Social Interaction

At its essence, social interaction is defined as the manner in which people talk to and interact with one another. Social interaction is dependent upon the societal structure in which the communications occur. **Interpersonal skills are often developed form the social interaction because they describe a person's ability to interact with other people in a positive and cooperative manner.** Unlike technical skills that people attend school for, interpersonal skills are considered soft skills that are typically developed over time through interactions. The social interactions of the respondent were analyzed taking the situation of before and now.

Figure No 25: Status of Social Interactions



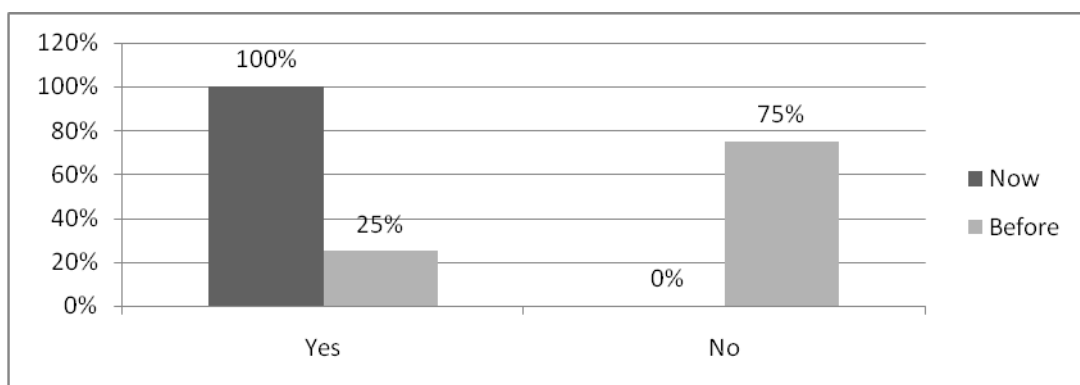
Source: Field Survey, 2017

It was found that entire respondent did not use to share any experience before the intervention of the micro enterprises but after the intervention of the micro enterprise they share their experiences and interacts frequently in the community. The figure for the interaction and sharing of any experience in the community was zero and now there has been significant change in the figure reaching the 100%.

4.3.4 Social Mobilization

Social mobilization is a process that raises awareness and motivates people to demand change or a particular development. It is mostly used by social movements in grassroots groups, governments and political organizations to achieve a particular goal, and in most cases, the process of social mobilization takes place in large gatherings, such as processions, demonstrations, marches and mass meetings. Social mobilization is also used by organizations to facilitate change. The respondents were asked about the status of socialization and meeting friends and relatives and family member in a meaningful way. The status was analyzed of before and now after the intervention of micro enterprise. Out of total only 25% used to have meaning social mobilization before but now 100% takes part in the social mobilization.

Figure No 26: Status of Social Mobilization



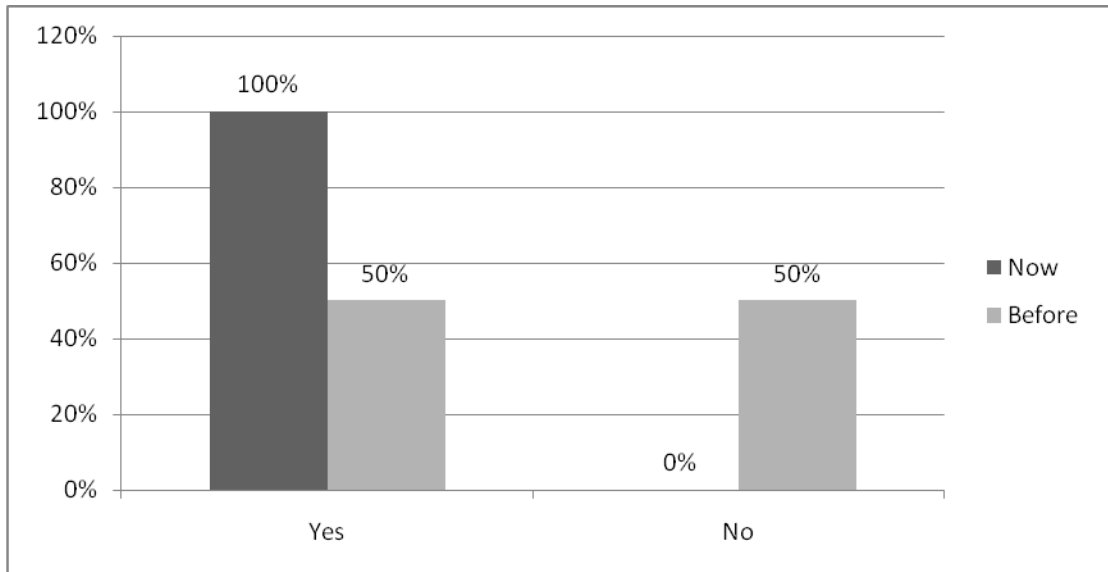
Source: Field survey 2017

4.3.5 Social Linkage

The social networking and linkage are those that contain category places and relationship means to connect with friends and a recommendation system linked to trust. Social network services and linkage can be socializing social network services are primarily for socializing with existing friends networking social

network services are primarily for non-social interpersonal communication and social navigation social network services are primarily for helping users to find specific information or resources.

Figure No 27: Social Linkage



Source: Field survey 2017

There have been attempts to standardize these services to avoid the need to duplicate entries of friends and interests. The linkage of the respondents were analyzed and it was found that, entire respondent have such social linkage before only 50% (fig. 26) had such linkage and now they credit the establishment of such credit to the micro enterprise intervention.

CHAPTER-V

SUMMARY CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The study was done in Falaincha VDC of Pachthar district, with an aim to socio economic situation impacts due to the intervention of micro enterprise in the study area. For the study information were collected from the different organizations, i.e. Namsaling Community Development Center, Micro-enterprises related office in district, websites, journals, proceedings, etc. Questionnaires were developed and household survey of entrepreneur was done. The summaries of this study are listed as follows.

- Out of the total micro enterprises in the Falaincha Village Development community 25% entrepreneur household were taken as sample and done household survey.
- Survey participation of entrepreneur men and women in the survey was found that out of total 38% of the respondents were female and remaining 62% were male
- Household size of the in the study area had average household size of 2.7. The household size of the studied household was found to be relatively small.
- The micro enterprises holders were Rai Limbu, Dalit and Brahmin. It was found that these people were involved in enterprises which includes related to such as; hand paper, parlor, meat selling, mechanical workshop, poultry raising, furniture and mills.
- It was found that in proportionate to them that, 62.5% of them were Hindu and the remaining 37.5% were Kirat.
- The educational status as it was 62.5% of the respondents were having school leaving certificate qualification, 12.5% each had lower secondary, primary level and formal education.
- Out of total 75.75% micro enterprises was based on non agriculture and remaining 25.25% was related to agricultural

- Out of total 75.75% micro enterprises was based on non agriculture and remaining 25.25% was related to agriculture.
- Out of total 4 micro enterprises were established 3 years ago and 2 each were established 2 years ago as per the field survey.
- It was found that on an average 52.5% income of the entrepreneur's family comes from the micro enterprise itself. The other 22.5% comes from the agriculture, 8 % from livestock , 9.3% from wage labour base on non agriculture , 3.75 % comes from governmental service and rest comes from wage labor based on agricultural work on an average.
- The expenditure on children education has risen slightly before it was 20,000 per year and now it is around 25,000 per year. The reinvestment capacities on microenterprise have risen up significantly, which is was not there because they had no micro enterprise before.
- The highest income was around 1,00,000 per year and lowest was 50,000 on an average per year how ever in compare to their previous situation there was two about two fold rise for each household.
- The main source for saving comes from the micro enterprises and the household were able to save almost 60,000 per year and minimum was 30,000.
- There have been increments in physical assets after the intervention of micro enterprise in the HH.
- Out of total 50% person was not in that position but now they claim that it became possible due to their involvement in micro enterprise that is what made them capable and strong.
- The figure for the interaction and sharing of any experience in the community was zero and now there has been significant change in the figure reaching the 100% along with the social mobilization.
- Out of total only 25% used to have meaning social mobilization before but now 100% takes part in the social mobilization
- There have been attempts to standardize these services to avoid the need to duplicate entries of friends and interests. The linkages of the respondents were analyzed and it was found that, entire respondent have such social linkage before only 50%.

5.3 Conclusions

In view of the objectives of the study, Falaincha VDC of Panthar district was selected as the site for the study. Only 25% of entrepreneur household has been taken as a sample out of total 32 registered and non registered micro enterprises the study area. With the objective of social economic impact of micro enterprise in the area of this study was done. There were more female entrepreneurs were active in the area and equally participating in decision making in household. The household size of the studied household was found to be relatively small. The micro enterprises included; hand paper, parlor, meat selling, mechanical workshop, poultry rising, furniture and mills that were supporting various activities of the rural communities for livelihood. The educational statue of entrepreneur was good but the however the higher educational level holder were quite low and people with the formal education were running agricultural base micro enterprise and it has not been quite long that they were running micro enterprises . More than half of income, an average 52.5% income of the entrepreneur's family comes from the micro enterprise and the expenditure on children education has raised slightly. The reinvestment capacities on microenterprise have risen up significantly, which is was not there because they had no micro enterprise before. The income raise in compare to their previous situation there was two about two fold rise for each household. The main source for saving came from the micro enterprises and the household were able to save more .There have been increments in physical assets after the intervention of micro enterprise in the HH. Half of the entrepreneur claimed that it became possible due to their involvement in micro enterprise that is what made them capable and strong. The entire figure for the interaction and sharing of any experience in the community was zero and now there has been significant change in the along with the social mobilization. There have been attempts to standardize these services to avoid the need to duplicate entries of friends and interests. The linkages of the respondents were analyzed and it was found that, entire respondent now have more and strong social linkage.

5.2 Recommendations

The general recommendation for making more positive impact while avoiding the adverse impact of the micro enterprise and contributing to livelihood of rural community are follows;

- Focus on more skill development programs on Micro enterprise development should be focused and implemented.
- Creating more linkages among the microenterprise holders, traders market and all the value chain actors of micro enterprise commodities.
- The outreach units of government bodies working on micro enterprise should be strengthened to carry out research and development.
- There should be subsidies for micro enterprise from the government, along with the appropriate scientific trainings.
- Every non-governmental organization having programs and project related to the micro enterprise should have coordination with the government stakeholder and the programs and project should be transparent.
- There should be coordination and collaboration in between government and the private sector and micro enterprise holder
- Support programs such as use and dissemination of technology,
- skills, exhibitions and extension services at local level
- Proper network for the flows of industrial information, raw materials, technology, market and enhancement of management, quality of the products
- Improvement of policy regarding establishment distance of forest based micro enterprise.

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Photographs Related to Study



Photograph 1: Nepali local paper product.



Photography 2: Wooden product making by export.



Photograph 3: Poultry farm of Farmer



Photograph 4: Local Shop