

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the Study**

Industrialization plays a crucial role in accelerating the progress of a country. The progressive increase in the national income and living standards of the people is not possible without rapid industrialization. It has a necessary and ultimately a large role of play for the economic development of a country. It is accepted by all that economic backwardness of any developing country can be changed by establishing the industries. Hence, industrialization, regarded as a symbol of prosperity is the key to economic progress. It is the basic ingredient of economic development. Small scale industries have played vital role together with medium and large scale industries in promoting sound and speedy industrial growth. Appreciating or recommending small scale industries does not mean opposition to large scale industries. The fact is that small industries have undeniably played an effective and important role in many countries in their industrial advancement including several developed countries like USA, Japan, Germany, Switzerland and France. Particularly in South East Asian region, the experience and achievement in the field of the small industries are found very significant. (e.g. Myanmar, Ceylon, India, Singapore, Hong-Kong, South-Korea and Thailand). In some of these countries specially, comparatively, less developed and small countries have become pioneer and led the overall industrial development programme with remarkable success. Small industries can undoubtedly play significant role in meeting the aspiration of successful industrial revolution in developing countries especially in these countries of south East Asia whose economy are agriculture. Even in Japan one of the industrially developed countries of the world cottage industry still occupy a predominated position in the national economy. Cottage and small scale industries are producing more than half of the total industrial product. Andrew and Patnick (2007).

In the context of Nepal, Industry has categories in four different types. They are cottage industry, small industry, medium scale industry and large scale industry. Cottage industries are those industries which are labor intensive and based on the countries traditional, art culture or mobilize the local raw materials and resources of the country.

Small scale industries are those industries whose fixed capital is below three Millions. And medium scale industries are those industries whose fixed capital is three Millions to ten Millions. Whose fixed capital is more than ten Millions these types of industries are called large scale industries. Fixed capital includes the land of the industry, physical infrastructures, office, factory buildings, store room, housing, means of transportations, furniture's, means of communications and equipments etc. (Bhattraai, 2010)

In the context of Nepal, we should encourage labor intensive technique of production due to existence of unemployment. Besides; it should be based on domestically available raw materials and skills. Enable rural people living under bare subsistence actively participate in the development countries industrial economy. The cottage and small industries can play a vital role to increase the export and by their help to maintain the balance of payment. Utilize the local resources through the use and expansion of indigenous local skill and technologies. And this make Nepalese traditional and cultural heritage renewed in the international field through the export of cottage and small industries product in the international market.

Cottage and small scale industries (CSIs) have a long history in Nepal. It has been improving since the ancient time. In Kiratti Regime, woodcraft and engraving etc. had developed. In Malla regime, cottage industry was so developed that Nepalese crafts were exported even in Tibet. In the time of Prithvi Narayan Shah, different weapons and gun powder were made. To promote cottage industry, in 1939, “Nepal cloths and cottage skill publishing

office”, was established and in 1940, “Tri-Chandra Kamdhenu Chakra Pracharak Mahaguthi” started the work of spinning as well. In 1955, government established small, rural and cottage industry training and development department. In non-governmental sector, in 2007, ‘Nepal Gandhi Smarak Nidhi’ was established to produce garments (Aryal, 2009).

When planned development began in Nepal in 1956, small and cottage industries have been included in planning for its development and promotion. But as expectation, it didn’t become successful to involve people and to attract private sector, in the seventh planning, different policies were adopted for the protection of cottage industries, training, review of policy, women’s involvement in economic sector, use of endogenous raw materials etc. Now, it can also be expected that with the support of government, there are some chances for small and cottage industries to go further achievement in the ‘Three Year Interim Plan’ (NPC, 2010).

In Nepal, government has not given proper priority to CSIs rather focuses on large scale industries. But we consider it as a positive step towards the industry; it is either to large scale or to CSIs. To promote economic development, government has taken several positive steps in recent years. It has brought out trade and industrial policies. Foreign exchange market has been liberalized. It is one of the most important documents from the viewpoint of development in industrial policy.

According to industrial policy 1992, the industry which is concerned with laborious, national tradition, art, and cultural special skill or traditional type of industry which utilizes materials and local raw materials are called cottage industries. According to the policy, small industry is that which has capital of amount of up to three Millions. Having amounted of from three to ten Millions and more than ten Millions are known as medium and large industries respectively (Industrial Policy, 1992).

Syangja is a hilly district which lies in Gandaki zone of Western Development Region. There are so many Small and Cottage Industries in Syangja district.

## **1.2 Introduction of the Syangja District**

Syangja district is located at the south west part of Gandaki zone. Geographically it is bonded by Kaski on the north, Tanahnu on the east, Palpa on the South Gulmi and Parbat on the west. According to district CSI office Syangja, there are 217 CSIs registered till the fiscal year 066/067 (Bhattra, 2010). They are of different types, such as tourism, restaurants, garments, handicrafts, metal industry, handloom, consultancies and many other industries. Syangja lies between 27° 52' to 28° 13' north latitude and 83° 26' to 84° 46' east longitudes (DDC/S, 2006). The total area of this district is 1036.87 sq.kms. The total number of residential households of the district are 64,646. According to population census 2001, the population of Syangja is recorded as 3,17,320. Out of the total population of Syangja district 1,42,619 are males and 1,73,701 are females (Population Census, 2001).

There are two municipalities and sixty VCDs in Syangja district. The study area in lies in the Putali Bazaar Municipality. There are 217 CSIs registered during the FY 2066/067. There are different types of cottage and small scale industries such as rice mills, furnitures, restaurants, beauty parlors and many others.

## **1.3 Statement of the Problem**

Nepal needs to set up large scale industries; it seems blockage because of the poor capital and other constraints. So, cottage and small scale industries are seem to be of great importance for the economic development. Such industries provide employment for the people, help to generate income, help the country

to preserve and promote the traditional arts and finally help in the economic development.

Large scale industries play vital role to develop but there are various obstacles to establish the large and medium scale industries because of the poor capital formation, lack of proper market, skilled manpower, transportation and many others. So, cottage and small scale industries are seem to be of very great importance of the economic development. Such industries provide concerned people employment, help to generate income, help the country to preserve and promote the traditional art and culture. But this types of cottage and small scale industries face various problems.

In this context, cottage and small scale industry of Syangja district are facing many problems i.e. lack of proper investment, lack of appropriate market, lack of raw material etc. In this research, it is tried to find out the answer of following questions:

- a) What is the employment situation created by the CSIs for the people of Putaliz Bazar Municipality of Syangja district?
- b) Have these Small and Cottage industries improved education and health situation of the people of Putali Bazar municipality of Syangja district?
- c) How much earning earned by the people from the CSIs of study area?

#### **1.4 Objectives of the Study**

The general objective of the study is to determine the overall socio-economic effect of small and cottage industries on local economy of the study area. However, the specific objective of the study are to ensure the socio-economic effect of small and cottage industry in putali bazaar Municipality of Syangja District. The specific objectives are as follows:

- a) To identify the current situation of cottage and small industries in the study area.
- b) To study the effect of small and cottage industries on employment, education and health in the study area.

### **1.5 Significance of the Study**

Most of the people of Syangja District are based on agriculture which provides raw material for small and cottage industry. This study is expected to be helpful for those people who are related to small and cottage industries. The following goals are taken to provide its significance.

- a) To know about the current situation of small and cottage industry in Syangja district who are interested.
- b) To know about the effect on employment, education and health of the cottage and small industries in the people of study area.
- c) This research will be useful to NGOs, INGOs, and research workers who are interested to small and cottage industries.

### **1.6 Limitation of the Study**

This study cannot provide the full information about the small and cottage industries. This study is related to the specific place. So, there is a limitation which is as follows:

- a) This study covers only Putali Bazaar municipality of Syangja district. So, it may not be generalized in the national level.

## **1.7 Organization of the Study**

The study is divided into five chapters. The first chapter will concerned with introduction of the study, statement of the problem, objectives of the study, significance of the study and the limitation of the study. The second chapter will deal with the review of the literature-relating with small cottage industries. This chapter is deals with the available literature. The chapter three states research methodology. The chapter four consists of data analysis. Finally, the chapter five summarizes the major findings with conclusion and recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Reviews on Theoretical Concept**

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

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

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



resources coming from outside and more of them depending on a large scale industry for the supply of semi-finished products (Kharel, 1993).

The Industrial Enterprise Act 1992 and subsection four, classified enterprises in four categories; Cottage, Small, Medium and Large. These industries which has three Millions fixed capital are called small industry, these industries which has three to ten Millions are called medium scale industry and these industries which has more than ten Millions fixed capital are called large scale industry. However, this categorization is based on the level of determined investment. The nature and origin of different types of enterprises and their size in terms of employment have not been taken into consideration in this classification. According to the Act, the traditional mobilizing specific skill or raw materials and sources and labour intensive and related with national custom, art and culture termed as cottage industries (Sapkota, 1999).

Global has been quite critical and is gaining new dimension in recent days. A lot of studies on CSIs issue have been carried out in the international level. CSIs are universal phenomenon that no country has been free from the problem related to it. However, there is reviving a worldwide attention on controlling the problems of CSIs in recent year, the condition of CSIs has been still critical. Many of the socio-economic researchers have studied on CSIs issue in different countries of the world. Various institutions, agencies scholars too have defined, interpreted and come into conclusion regarding CSIs. But the Global literatures related to CSIs are too much hard to find and also mention in this short research.

Many historians and economists view the period after the Second World Industrial Revolution as a paradigmatic example of a slow transition to a new economy after a technological revolution. The quantitative model of that transition has been presented, which generates what many see as the three main features of that paradigm; a productivity paradox, a slow

diffusion of old technologies, and ongoing investment in old technologies after the revolution. Generally, two characteristics of the model are particularly important in generating this result; learning must be substantial and provoked, and built-up knowledge in the old economy must be large. The data are used on the life cycle of US manufacturing plants to argue that leaving about plant-specific technologies is needed substantial and protected and point to the slow diffusion of steam before the Second World Industrial Revolution as indirect evidence consistent with the historians' claim that manufactures had built up a large stock of knowledge with existing technologies before that revolution.

The paradigm may not fit all transitions however, the same model may not be applied in the same way on the effects of the more recent IT revolution because of the lack of data needed to measure learning and built-up knowledge in business organizations , the type of productive unit that faced the choice of adopting the new technology. But the model has provided some insight into how the recent transition may differ from that after the Second World Industrial Revolution. Various experiments suggest that a transition to a new economy after a major, sustained increase in the pace of technical change will not always be slow, as it was after the Second World Industrial Revolution. The speed of transition will depend on the existing pace of technical change when that pace is quite fast, the transition will be also.

Clearly, those, no simple analogy exists between the transition Second World Industrial Revolution and the transition after the IT Revolution. Instead, the main lesson from this analysis is that the nature of the transition after any technological Revolution depends in an important way on its historical content. The Second World Industrial Revolution

happened to come at a time when the pace of embodied technological change was relatively slow.

## **2.2 Vision of Department of small and Cottage Industries**

Industrial Report (2010) for the development and promotion of the small and cottage industries of the country, the department of small and cottage industries formulate vision. According to this vision, promotion of traditional skills and technology by the strong and dynamic industrial process. And to build up the professional manpower and create the employment opportunity for the contribution of the economic development of the country

## **2.3 Importance of Cottage and Small Industry**

Small and cottage industries are very fruitful in Nepalese context. It is easy to establish and we can run these industry by the household or family members which are engaged in job. CSIs produce raw material which are the foundations of large industries. Products of CSI are the basis of foreign trade which helps to increase national income and it is also the source of foreign exchange. Due to the foreign exchange we can maintain the balance of trade. CSIs also help to localization and protection of industries so that CSIs have many importance in Nepalese context.

## **2.4 Review on International Empirical Studies**

Agrawal (1980) argues that in India, unemployment and underemployment are proliferation economic disaster and where most of the entrepreneurs are capable of making only small investment and where there is lack of sophisticated machinery and modern technology, small industry which is labour intensive and capital saving plays a vital

role in the overall economic development in the country. Asian community treats the cottage industries as the traditional skill oriented or indigenous raw materials based or small units of industries as cottage industry. In India, the cottage industry could not be classified by either technology of production or units of investment. Indigenous raw material based or handicraft based or handloom based industries are called cottage and small industries.

"Cottage industries have certain peculiarities which make them forthcoming appropriate for the state. Apart from the fact that these require a small amount of capital, they can be established everywhere and anywhere in the country. Besides they can be setup at the every door improve the workers mostly living in villages".

The government of India is actively trying to promote industrial growth by assigning important role to the sector in the attainment several major objectives of five year plans. Two Millions persons are engaged in cottage and small industries of which nearly five lakhs work in the handloom industries alone. Many parts of India produce different types of object in wood, both ornamental and utilitarian. Among them the delicately carved figure of God and Goddess in sandalwood from Karnataka, table tops, chairs, trays, plates and walking sticks from Maharastha are worth mentioning. Ivory carving is one of the most ancient crafts in India which continuous to be one of the important export items.

Shrivastava (2002) in his study on GICI (Government Institution of Cottage Industries) is mainly based on description and analysis carried out about some of the typical products of Sikkim. GICI has identified the problems is not properly promoted and therefore, the number of employment in this institution is decreasing. Since the bulk of the

technicians are master weavers work for middleman and bargaining power is weak and get low margin of profit. The GICI have been facing the problems of finance, skilled manpower and marketing. The government of Sikkim has given neither priority nor protection to handicraft products and its marketing as a base for industrialization. The export procedure of handicraft products is very complicated. There are no internationally accepted methods of payment, advance payment or letter of credit system. Rather there are hurdles as regard to the foreign exchange facilities. There is the shortage of capital among handicraft artisans and no availability of the credit without collateral. The industries are closing their operation due to unavailability of woods/raw materials.

Based on his research he recommends that program should be formulated keeping in mind the dwindling performance of cottage industries. Training program should be launched in various parts of the districts. Co-operative credit societies should be organized to flow the loan to the industries as such and also to facilitate the marketing of the products. Modern technologies should be introduced keeping in mind the present status of quality and quantity. Separate training and research institution for handicraft sector is needed. For this, manpower should also be developed through training. It needs to establish of mechanical tools development center for the production of the handicrafts is indispensable for increasing, the production capacity of handicraft industries in Sikkim.

Atkenson and Kehoe (2007) finds that any definitive analysis of the Effect of the IT Revolution can be fleshed out in a quantitative model such as ours, some questions must be answered. Where are the new technologies embodied? How long is the period of learning after they are adopted? And how much built-up knowledge do existing

organizations have with their current technologies? With regard to information technologies, questions like these are not easy to answer quantitatively, but it has been suggested how theory can be used to guide the search for these answers.

Many writers in Nineteenth Century, especially of England, observing the rapid growth of factory employment, predicted hopefully or fearfully that CSIs are indispensable for economic and politically scene. Karl Marx asserted that workers would in time become so numerous and employers are so few that the overthrow of the employers would be almost automatic in industries. The trend projected by Karl Marx, however has not materialized either in England or elsewhere.

## **2.5 Review of Nepalese Empirical Studies**

Malla (1979) finds that cottage industries being labor oriented utilize less capital and provide more employment. Besides this, more important contribution of it is to provide the shifting or surplus labor from land which is being a burning problem in most of the less developed countries of SAARC countries. 'Rural unemployment' is being a great problem in most of the SAARC countries and with the pressure on land being a great already acute some device must be found to siphon a way this pressure which threatens to become implosive. Small and cottage industries offer a means where by new employment opportunities can be created in rural area. This relive to some extent, the pressure on land using relatively few skill and little capital".

It is clear that the prosperity of a country mainly depends upon its all round development of the economy and industrial development plays a vital role in accelerating the progress of a country. There is a great demand of speedier industrialization of many hungry nations. Though Nepal was quite late to be

influenced by the succeeding industrial development that were taking place around the world until 1940's when we started having a few modern agro based and forest based industries, even if cottage and village based industries have long and successful history in Nepal.

Sharma (1982) has made an attempt to identify the problems and to recommend the ways out there. The main problems identified by Sharma are; The trainings conducted by the concerned government institution have not able to create the business. The training is being given for training sake. Moreover, the trainings have been organized without appraising correctly the training needs and desire of the targeted groups. There is no effective financial assistance to the CSIs. The loans are granted only against collateral. In addition, there is no separate financial institution responsible for loan flowing to CSIs. The genuine entrepreneurs having no recognizable property have no access to the bank loan. The already trained manpower has been found idle because of not having even a minimum amount for investment in the business. The instructors are old and have no idea concerning new can not be always valid. The lack of market is one of the big problems for Nepalese CSIs. Because of the lack of adequate market, a series of small and cottage industries have already been closed. There is no institution to provide the suggestions so that in terms of quality products and thus the products have not been able to compete with similar foreign products. There is an inadequate fiscal and non-fiscal incentive for CSIs. CSIs have to compete with similar foreign foods in terms of price and quality.

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

should be designed keeping in mind that the need and interests of the target group.

Khanal (2003) using descriptive as well as analytical research design on the basis of primary and secondary data drawn some key information. The study has found following findings;

Nepal is gradually going for the industrial development. There are many problems to run and establish small and cottage industry in Nepal. Such as, unfavorable geographical condition, poor infrastructure development, lack of capital and new technology. Being agricultural country, Nepal can not utilize the agro-products as the raw materials in agro-based industries. So, there is necessary to provoke for its further development about the small and cottage industry in the study area but its size of growth is in increasing trend as for the entrepreneurs of the study area. It is said that promoters are not only involved in small and cottage industry in this study area but also in other sectors.

Most of the small and cottage industries have low capital investment ratio because of the lack of capital. And it is in constant position. The availability of local raw material is satisfactory than imported from far and far. As well demand of agro-product goods is normal in market. On the one hand, there is the lack of skill manpower and on the other hand; they are still in traditional technology.

Furthermore, among the sampled small industries, 76 percent industries are providing job opportunities to less than 5 persons, lesser working time and salary are also not the same in that area. These workers, who are involved in agro based industry, are getting salary in subsistence level. That's why, workers are compelled to live far from the modern facilities.



Panta and Joshi (2005) have expressed their view pointing out the importance of small and cottage industries in the book named 'Introduction to Quantitative Technique in Nepalese Economy. Researchers have further said that the establishment of small and cottage industries need less capital, limited raw material, low technical knowledge and low human capital. Such industries can be established and run by households. Nepalese people are experienced in producing traditional goods. Hence the small and cottage industry forms 25 percent of the total number of organized industries and contributes more than 50 percent to the total industrial production.

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

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

Not only this, S. Lalchan has made following recommendations on the basis the study; As the number of unskilled labours is high, the provision of regular training programs should be made to the workers of low level of skill in order to increase their proficiency which is the assets of an organization. The level of income in these industries is quite inadequate even to maintain the subsistence living standard. Therefore, the government has to take initiatives to persuade the owners to raise the wage rate so that the workers may maintain the subsistence living standard. Various types of facilities which are lacking in above mentioned industries should be provided to the workers. The physical

condition of the working place of these industries must be improved. Due to the low bargaining power, workers are easily exploited. So, the concern department should give attention to improve the condition of workers. Trade unions of instant noodles industry's laborers must be organized and master system must be eliminated.

Gautam (2007) has pointed some problems that increases self-employment, uses local labor, skill and resources, easy to establish, basis for foreign trade, preservation of art and culture, source of foreign currency, preserves industrial conflict and low pollution. On the other hand, some problems pointed by Gautam are as, lack of capital, lack of infrastructure, lack of education and training, lack of raw materials, lack of proper market, and lack of fuels, lack of peace and political conflict and high competition.

Gurung (2008) found that CSIs are facing the problem of labour employment, marketing and finance. Accordingly, CSIs are seen very fruitful for the study area. Gurung found that there are many problems and in the same time, many prospects are also seen in CSIs. Most of the CSIs have the problem of capital, skilled manpower and limited market. And the researcher has suggested as:

Locally used raw materials will certainly help to produce local goods and services and will be certainly used by local people. All these make production far better and efficient. In case of marketing, if industries will use local vehicles properly, these will help in marketing process. According to Gurung, to solve the main problems, CSIs have to use local market, training should be given for unskilled labor, manpower, entrepreneurs have to use profit in the same industry, and this will certainly either solve or minimize the problems. Entrepreneurs also have to take advice from the knowledgeable persons to solve their problems.

## **2.6 Literatures Related to CSIs in Syangja District**

Patel (2005) used descriptive as well as analytical research design on the basis of primary and secondary data for the field work. The main objectives were as, to analyze production and marketing of KDU (Karki Dhaka Udhyog), to analyze the labor input of KDU and to analyze about the main problems of KDU of Syangja district. After the complication of his study, it was found that, there was high competition through the establishment of homogeneous industries. KDU is bound to import necessary raw materials from abroad. There was also the lack of trained and skilled manpower. There were different prices in different industries. Imported final goods are another huge problem.

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

The literatures are observed carefully and concluded that so many researches and works had been done in different titles and sectors but actually related to CSIs are not found properly. It was very difficult to find the literature related to the CSIs especially about Syangja district. It means whether there is limited research in this field or the works are not put properly or misplaced. Lots of literatures are found in different sectors but they have no importance for the present study. Only a related literature was found hardly which is mentioned below as;

## **2.7 Conclusion**

This chapter includes the major findings of the different studies in the one hand and on the other hand, provides what is left to investigate.

Lots of literatures have been reviewed related to the CSIs either of global overview or Nepalese context in the time of this study. Literatures of different countries give the different conclusions about CSIs in particular countries. Nepalese literatures also have been given some conclusions related to the CSIs.

According to the literatures reviewed, studies are based on so many topics done in different part of Nepal. Particularly, what this study aims to investigate is not found. Some are likely to be nearer but are not related with the ethics of the present study. Those are either in varied title or not in a little depth. On the other hand, study about the Socio-Economic Effect of Small and Cottage Industries in Syangja district is not found any one else. So, as per the objective of the study, it is necessary to study about the Socio-Economic Effect of Small and Cottage Industries in Syangja district. It shows that the present study on the topic “Socio-Economic Effect of Small and Cottage Industries in Nepal; A Case Study of Syangja District” is relevant.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

This chapter deals about the methodology adopted for the present study. It describes research design, selection of the study area, and general introduction of study area, nature and source of data, sample size, tools of data collection and method of data analysis.

#### **3.1 Research Design**

The research is designed in accordance with the purpose of the study. Descriptive and analytical research design is used. The descriptive research can help to describe the socio-economic Effect of the concerned people. The analytical research has been used to analyze the problems related with the Small and Cottage Industries of Syangja district.

#### **3.2 Nature and Source of Data**

The different types of quantitative data and information is collected and analyzed in this study. Both primary as well as secondary data are used in this study. Primary data are the major source of information.

#### **3.3 Selection of the Study Area**

The area of the study is Small and Cottage Industries in Putali Bazar municipality of Syangja District. There are 217 Small and Cottage Industries. The primary data is taken from various Small and Cottage Industries of different of areas in Putali Bazar municipality.

### **3.4 Sample Size**

There are 217 Small and Cottage Industries in Syangja district. Due to the time and budget constraint, census survey of all the Small and Cottage Industries is not possible. So, in this study, data has been collected by using sampling technique. For this study, Systematic Random Sampling is used. So, out of 217 Small and Cottage Industries, only 12 percent of total population i.e. 26 Small and Cottage Industries of different types are selected. The process of selecting sample by the systematic Random Sampling is preparing the list of the total CSIs i.e. 217 CSIs of the study area. And then to create the interval divide the total CSIs, then interval becomes 8. In the study, select the 1<sup>st</sup> number i.e. 3 by using the random sampling technique. And in this study, 1<sup>st</sup> CSIs is selected which is in the 3<sup>rd</sup> number of the list. And 2<sup>nd</sup>, 3<sup>rd</sup> and other CSIs are selected which is in 11<sup>th</sup>, 19<sup>th</sup> number of list and so on. Such as metal Industry, Rice mills, furniture Industry, restaurant, bread factory, tailoring has been selected for the study. From the sample, two bread industry has been selected and then two restaurants, two Nirman Sewa and two furniture Udhog has been selected by the sample, these are metal industry, dalmot industry, masala udhyog, ice-cream factory, telloring and etc. for the simplicity I select the 12 percent CSIs. This method helps to minimize the time and cost of the research. This method helps to minimize the time and cost of the work.

### **3.5 Tools of Data Collection**

The following tool are used to collect data.

#### **3.5.1 Set of Questions and Interview**

Questionnaire method is one of the methods of obtaining information from the respondents. For the collection of data, different set of structured questionnaire

is prepared. With the help of the set of questions, interview is taken accordingly.

### **3.6 Method of Data Analysis**

Collected information or data is analyzed from both qualitative and quantitative technique. The quantitative data is presented in terms of percentage, average, frequencies etc. And qualitative data is analyzed through descriptive way.

**CHAPTER FOUR**  
**SITUATION ANALYSIS OF CSIs OF PUTALI BAZAR**  
**MUNCIPALITY OF SYANGJA DISTRICT**

This chapter contains presentation, analysis and interpretation of the data obtain from the field survey.

Using tables, percentages and pie-chart where ever necessary in relevant and their analysis and interpretation are made.

**4.1 Male and Female Participation as a Proprietorship of CSIs in Syangja**

In Putali bazar municipality of Syangja most of the small and cottage industries are run by the male and some are by female. Situation of male and female Participation as a proprietorship of CSIs in Putali bazar municipality of Syangja District of shown below through the following table.

**Table 4.1**

**Male and Female Participation as a Proprietor**

<b>S.N.</b>	<b>Proprietor</b>	<b>No. of CSIs</b>	<b>Percentage</b>
1.	Male	21	80.77
2.	Female	5	19.23
<b>Total</b>		<b>26</b>	<b>100.00</b>

Source: Field Survey, 2011

Table 4.2 shows that 80.77 percent CSIs are run by male proprietor and 19.23 percent CSIs are run by female proprietor. This shows that male particificaiton is more than female. So that to promote female Participation government should formulate female oriented policy.



## 4.2 Situation of labor Employment of CSIs in Syangja

Laborers age group, nature of labor selection, monthly earning of the firm, employment pattern by age and sex are analyzed through the following sub-headings.

### 4.2.1 Nature of Labor Selection

Success and failure of the industry depends upon the skilled manpower. Selection of labor employed system shows the nature of entrepreneur's behavior. System of labor selection is tried to be analyzed through the following table.

**Table 4.2.1**  
**Process of Labor Selection**

<b>S.N.</b>	<b>Nature of Selection</b>	<b>No. of CSIs</b>	<b>Percentage</b>
1	Free Competitions	1	3.85
2	Family related person	7	26.92
3	Both	10	38.46
	Other	8	30.77
<b>Total</b>		<b>26</b>	<b>100.00</b>

Source: Field Survey, 2011

Table 4.2.1 shows 3.85 percent of CSI select the labor from free competition, 26.92 percent labor are selected from family related person, 38.46 percent labor are selected from both free competition and family related person and 30.77 percent of labor are selected from other sectors i.e. relatives of the interpreneur's, forces by the inteprenur's friends etc. The table 4.2.1 shows that most of the labor are selected from without competition which decreases the

chances of the selection of skilled manpower. And also decreases the productivity as well as the quality of goods and services.

#### 4.2.2 Monthly Earning of CSIs

Earning of the factory is important whether the firm is established or not. Any entrepreneurs are guided by how much money is earned this firm in a month. And this earning determines the firms success.

**Table 4.2.2**  
**Nature of Earning of CSIs Per Month**

<b>S.N.</b>	<b>Nature of Earning (Rs)</b>	<b>No. of CSIs</b>	<b>Percentage</b>
1	Below 20000	6	23.08
2	20000 - 30000	5	19.23
3	30000 - 40000	7	26.92
4	Above 40000	8	30.77
<b>Total</b>		<b>26</b>	<b>100.00</b>

Source: Field Survey, 2011

Table 4.2.2 shows that 23.08 percent CSIs have on an average earning in a month is below Rs 20000. 46.15 percent CSIs have earned Rs 20000 - Rs 40000 and 30.77 percent CSIs have earning above Rs 40000 in a month. In this situation we can say that some of the CSIs have low income they cannot change the socio-economic status of the people of Putali Bazar Municipality of Syangja district. Due to the low income they cannot save and they can not invest their earnings. Deu to the low investment economic growth rate became low. And 46.15 percent CSIs have earned Rs 20000 to Rs 40000 and then 30.77 CSIs have earning above Rs 40000. So, they are playing important role to change the socio-economic condition of the people.

#### 4.2.3 Nature of Number of Labour Employed

**Table 4.2.3**  
**No. of Labor Employed**

<b>S.N.</b>	<b>No. of Labor</b>	<b>No. of CSIs</b>	<b>Percentage</b>
1	Less than 10	22	84.61
2	More than 10	4	15.38
<b>Total</b>		<b>26</b>	<b>100.00</b>

Source: Field Survey, 2011

Table 4.2.3 shows 84.62 percent CSIs provide employment less than 10 labor, but 15.38 percent CSIs hire only more than 10 labor. Due to the low income, saving becomes low as a result investment also becomes low. So that CSIs of the study area can not hire more labor. Only few CSIs can hire more than 10 labors

#### 4.2.4 Nature of Employment in CSIs of Putali Bazar Municipality of Syangja

There are three types of employment opportunities which are created by the small and cottage industries in Putali Bazar Municipality of Syangja district. These are seasonal employment, part-time employment and full time employment. From the sample of 26 CSIs, only two CSIs i.e. Chandikalika Ice-cream Udhyog and Nagya Furniture Udhyog provides seasonal employment. And then, only five CSIs i.e. Birat and Nisha Masala Udhyog, Yadu Nath Regmi Rice Mill, Devi Agricultural Plantation, Shree Sangam Press and Arati-moja Udhyog provides part-time employment and other CSIs provides full-time employment to the people of study area.

**Table 4.2.4**  
**Nature of Employment**

<b>S.N.</b>	<b>Employment Types</b>	<b>No. of CSIs</b>	<b>Percentage</b>
1	Seasonal employment	2	7.69
2	Part-time employment	5	19.23
3	Full time employment	19	73.08
<b>Total</b>		<b>26</b>	<b>100.00</b>

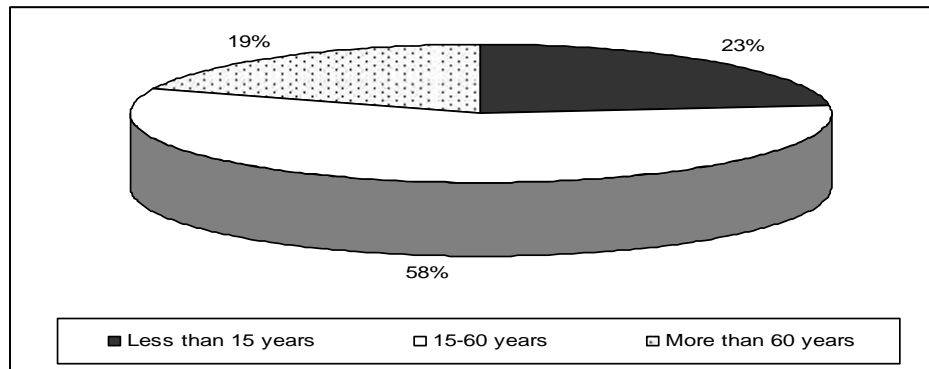
Source: Field Survey, 2011

Table 4.2.4 shows that 7.69 percent CSIs provides seasonal employment, 9.23 percent CSIs provides part-time employment and 73.08 percent CSIs provides full-time employment. From this data we can say that most of the CSIs provides full-job for the labor, which helps to improve the socio-economic condition of the people of study area. Because this opportunity build up the chance of earning more and more

#### **4.2.5 Analysis of Employment Pattern by Age**

Production activity of industry depends upon the skill manpower and the skill also depends upon the age of labor. Labor age group shows the maturity of the labors. There are many labors engaged in the CSIs of Putali Bazaar Municipality of Syangja district they are different age group which are explained below by the following pie-chart.

**Pie-chart 4.2.5**  
**Employment Pattern by Age**



Source: Field Survey, 2011

Above figure shows 23 percent CSIs uses the child labor, out of 26 CSIs, six CSIs uses child labour. These CSIs are Ice-cream Udhog, Motor Cycle Workshop, Noodles Industries and Restaurants. And then 19 percent CSIs uses the old labor and 58 percent CSIs uses young labor. This shows that, most of the CSIs uses active labor and there are most of the active people live in the study area.

#### 4.2.6 Nature of Employment by Sex

In the study area some CSIs use only male workers and some use female workers only and some CSIs uses both.

**Table 4.2.6**  
**Nature of Employment by Sex**

S.N	Sex Pattern	No. of Labours	Percentage
1	Male	112	70.44
2	Female	47	29.56
<b>Total</b>		<b>159</b>	<b>100.00</b>

Source: Field Survey, 2011

Table 4.2.6 shows that in the study area there are 217 CSIs. From the 217 CSIs sample size is 12 percent i.e. 26 CSIs. These 26 CSIs provides employment to the 159 labors. From the table 4.2.6 out of 159 labor male labors are 70.44 percent i.e. 112 labors and female labors are engaged 29.56 percent i.e 47 labors only. This shows that female labor are relatively less than male labor. For the increase of female participation government should provide training give more facilities, provide job security and health security and etc. in the study area the government norms of 33 percent seat security for the female, is not applied.

#### 4.2.7 Nature of Employment In-terms of Caste/Ethnicity

In the study area, there are many people. They are from different caste and ethnicity. Basically there are Brahmin, Chhetri, Gurung, Magar, Newar, Damai, Kami and many others lived. The situation of the involvement of them in CSIs for the employment we can explain below with the help of the table.

**Table 4.2.7**

#### **Nature of Employment In-terms of Cast and Ethnicity**

<b>S.N</b>	<b>Caste</b>	<b>No. of Employed</b>	<b>Percentage</b>
1	Brahmin, Chhetri	55	34.59
2	Aadibasi, Janajati	61	38.36
3	Madhesi	23	14.47
4	Dalit	11	6.92
5	Others	9	5.66
<b>Total</b>		<b>159</b>	<b>100.00</b>

Source: Field Survey, 2011

Table 4.2.7 shows that, 34.59 percent labor are Brahmin and Chhetri, 38.36 percent labor are Aadibasi, Janajati, 14.36 percent labor are Madhesi basis 6.92 percent labor are Dalit and 5.66 percent labor are from the other caste.

### 4.3 Effect on Education by the CSIs of the Study Area

Education is most important for the day to day life. Education is related to the any business and accusation. So that small and cottage industry also helps to improve the education or effect the education situation of that area. By the earning from the related small and cottage industry the employers or worker determine in what types of school or college they can afford to admit their children. So the effect of educational condition by the establishment of CSIs of the study area explain below.

#### 4.3.1 Support on Education by the CSIs

Most of the people who are engaged in small and cottage industry they feel support to improve the educational condition of their children but some people don't accept this. Due to the low income they can not invest their earning in educational sector. Their earning is used for household consumption. We can explain this by the help of the following table.

**Table 4.3.1**  
**Support to Improve Education by the CSIs**

<b>S.N</b>	<b>Support to Improve</b>	<b>No of labors</b>	<b>Percentage</b>
1	Yes	147	92.45
2	No	12	7.55
<b>Total</b>		<b>159</b>	<b>100.00</b>

Source: Field Survey, 2011

Table 4.3.1 shows that 7.55 percent labor cannot support to improve the educational condition of their child and 92.45 percent labor can support to improve the educational condition of their children. This analysis shows that most of the CSIs provide access for the education. They can afford private school or college that provides more and more facilities for their children. So we can conclude that CSIs play important role in improving educational situation of the study area.

### 4.3.2 Nature of Access on Education

In Nepal, there are two types of education. First one is provided by the government and another is provided by the private sector. The government sectors cannot provide more facilities than private sector. So, the products of government sector can not competition with the produce of private sector.

**Table 4.3.2**  
**Nature of Access on Education**

S.N	Types of School	No of labor	Percentage
1	Government School	39	24.53
2	Private School	120	75.47
<b>Total</b>		<b>159</b>	<b>100.00</b>

Source: Field Survey, 2011

Table 4.3.2 shows that 24.53 percent labors send their children in government school. But 75.47 percent labors send their children in private school. Table 4.3.2 shows that 24.53 percent labors cannot afford the private school due to low income. 24.53% labor earns little money, so they cannot afford the expensive fee of the private school.



### 4.3.3 Access on Education In-terms of Ethnicity

Nepal has multi-region, multi-language, multi-culture and also multi-caste i.e. Brahmin, Chhetri, Gurung, Magar, Newar and many others. The access on education of these caste explain below with the help of table.

**Table 4.3.3**  
**Access on Education In-terms of Ethnicity**

S.N	Caste	No. of labors (%)	Institutions		Total percent
			Private	Government	
1	Brahmin, Chhetri	55(34.59%)	45(81.82%)	10(18.18%)	100
2	Aadibasi, Janajati	61(38.36%)	50(81.97%)	11(18.03%)	100
3	Madhesi	23(14.74%)	15(65.97)	8(34.78%)	100
4	Dalit	11(6.92%)	6(54.55%)	5(45.45%)	100
5	Others	9(5.66%)	4(44.44%)	5(55.56%)	100
<b>Total</b>		<b>159(100%)</b>	<b>120</b>	<b>39</b>	

Source: Field Survey, 2011

Table 4.3.3 shows that access of education in-terms of caste or ethnicity in private school and government school. The sample of 26 CSIs of study area, 159 labors are employed. They are categories in five group 55 labors are from Brahmin, chhetri bases. Out of 55 labors, 81.82 percent labors provide education to their children from the private school and only 18.18 percent labor provide education from government school. And then 61 labors from the Aadibasi, Janajati group. Out of 61 labors, 81.97 percent labors admit in government school. Madhesi people are engaged 23 numbers. Out of 23, 65.22 percent people provide education to their children from government school. 54.55 percent Dalit people admit their children in private school and other 44.44 percent labors provide education to their children from private school

and other 55.56 percent from the government school. From the field survey, the people who engaged in CSIs in the study area, most of the labor can provide education to their children from provide school. So we can conclude that the education condition of the study area is well.

#### 4.3.4 Support from Anywhere

Support from government or non-governmental sector is necessary for smoothly operation of the industry. Counseling price support, market facility, training may be provided. Out of 26 CSIs only seven CSIs gets support from government and non-government organizations. Government provides training for the tailors of Deep Sewa Tailors and owner of Devi Agriculture Plantation also gets training from government. Other CSIs are getting counseling, price support by the NGOs and INGOs to run this CSIs. The following table shows the nature of support form governmental or non governmental or from anywhere else.

**Table 4.3.4**  
**Support from Anywhere**

<b>S.N</b>	<b>Support to anywhere</b>	<b>No of CSIs</b>	<b>Percentage</b>
1	Yes	7	26.92
2	No	19	73.08
<b>Total</b>		<b>26</b>	<b>100.00</b>

Source: Field Survey, 2011

Table 4.4.3 shows that 26.92 percent industries are operating with the support, where as 73.08 industries are without the support from anywhere. Although support either from government from now and INGO is essential for smooth, operation of the industry and there is the lack of such support from anywhere else.

#### 4.3.5 Nature of Support to other Children for the Educational Purpose

All the children do not get opportunity in education due to the poverty. Some few CSIs provide opportunity to get education. These CSIs are Restaurants, Masala Udhyog, Bread Udhyog of Sangam Press and Stationary, Metal Industry and Nirman Sewa. These CSIs play vital role to improve educational status of these children of the study area, which is explained with the help of following table.

**Table 4.3.5**  
**Nature of Support to Other Children**

<b>S.N</b>	<b>Support</b>	<b>No of CSIs</b>	<b>Percentage</b>
1	Yes	13	50.00
2	No	13	50.00
<b>Total</b>		<b>26</b>	<b>100.00</b>

Source: Field Survey, 2011

From the above table 4.3.5 shows that from the sample of 26 CSIs of Putali Bazar Municipality of Syangja district, 50 percent CSIs provide educational opportunity for the other children. Restaurant provide scholarship for the two poor and talented students in primary level of the study area. Stationary provide copy and pen for the five poor and talented girls who are study in government school. Some others provide uniform and others pay the fee for the certain students who are from low income group family background and backward to get education. But 50 percent CSIs can not support due to the low income and other problems. These 50 percent CSIs which provides opportunity to other children, most of the children are their relatives and some are related to their labor and some are others. This contributes to increase the literacy rate of the study area.

### 4.3.6 Investment in Educational Institution

Nepal has two types of education, first one is provided by government institution and another is provided by private institution. Nature of investment in educational institution of the study area explain below by the help of the table.

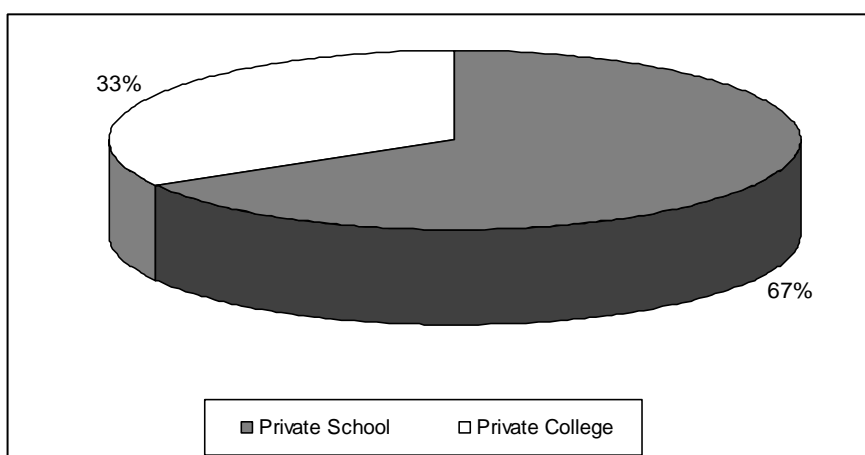
**Table 4.3.6**  
**Investment in Educational Institution**

S.N	Nature of Investment	No of CSIs	Percentage
1	Yes	12	46.15
2	No	14	53.85
<b>Total</b>		<b>26</b>	<b>100.00</b>

Source: Field Survey, 2011

Table 4.3.5 shows that 46.115 percent CSIs invest in educational institution where as 53.875 percent CSIs do not invest. From these 46.15 percent CSIs invest in what types of educational institution which is shown by the following pie-chart.

**Pie-Chart 4.3.7**  
**Investment in Educational Institution**



Source: Field Survey, 2011

Above pie-chart 4.3.7 shows that investment of owner of the CSIs of the study area. The owner of the CSIs of the study area invest only private school and collage and they are not interested to invest in government school and collage. So that figure 4.3.7 shows only situation of investment on private school and collage. Above pie-chart 4.4.5 shows that out of 12 cottage and small industries 66.67 percent CSIs invest in private school whereas 33.33 percent CSIs invest in private college. Out of 26 CSIs 14 CSIs do not invest in any educational institution. Due to the low income they cannot invest in educational institutions.

#### 4.4 Effect in Health Situation

This is a slogan "Health is Wealth". So good health play the important role in socio-economic condition of the society or nation. In this sub-topic this research trying to analyze how much the CSIs contribute to improve the health situation of the people of the study area.

**Table 4.4**  
**Nature of Use Medicine**

<b>S.N</b>	<b>Medicine</b>	<b>No of labors</b>	<b>Percentage</b>
1	Domestic Medicine	45	28.30
2	Antibiotic	75	47.17
3	Others	39	24.53
<b>Total</b>		<b>159</b>	<b>100.00</b>

Source: Field Survey, 2011

Above table 4.4 shows that 28.30 percent people used domestic medicine, 47.17 percent people used antibiotic and 24.53 percent people used other types of medicine. Other types of medicine includes ayurvedic medicine, yoga and some are believe in traditional treatment i.e. Dhama Jhakri.

#### 4.4.1 Nature of Health Check-up

Establishment of the cottage and small industries plays the important role to improve the health situation of the study area. Before the establishment of the firm people can not go hospital to check-up their health due to the poverty. After the establishment of those firm where the people goes to their health check-up explain below by the help of the table.

**Table 4.4.2**  
**Nature of Health Check-up**

<b>S.N</b>	<b>Types of Hospital</b>	<b>No of labors</b>	<b>Percentage</b>
1	Clinic	10	13.33
2	Community Hospital	5	6.67
3	Government Hospital	32	42.67
4	Private Hospital	28	37.39
<b>Total</b>		<b>75</b>	<b>100.00</b>

Source: Field Survey, 2011

Table 4.4.2 shows that after the establishment of the CSIs of the study area the people who are engaged in CSIs 13.33 percent goes to the health check-up in clinic. 6.67 percent people goes to the community hospital, 42.67 percent people check-up their health in government hospital and 37.33 percent people check-up their health in private hospital. From this data, concluded that due to the establishment of the firm people engaged there and earning money. From this earning they can go to the hospital to check-up their health. So establishment of the CSIs helps to improve the health situation of the people of study area.

## 4.5 Others

Others Effect of CSIs of the study area related to the socio-economic Effect of CSIs of Putali Bazar Municipality of Syangja district explain below:

### 4.5.1 Utilization of Profit of the Firm

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

**Table 4.5.1**  
**Utilization of Profit**

<b>S.N</b>	<b>Area of Profit Utilization</b>	<b>No of CSIs</b>	<b>Percentage</b>
1	To promote the same industry	6	23.08
2	For household consumption	12	46.15
3	To fund other industry	5	19.23
4	For other purpose	3	11.54
<b>Total</b>		<b>26</b>	<b>100.00</b>

Source: Field Survey, 2011

According to the table 4.5.1, 23.08 percent of the industries are using their profit to promote the same industry, 46.15 percent are using for household consumption 19.23 percent are using their profit to fund other industry and 11.54 are using the profit for other purpose. Out of 26 CSIs, number of 6 CSIs focus to using their profit to promote the same industry. These CSIs are Ankur construction, Shiva Metal Industry, Bread Udhogs, Rice Mills, Noodles Industries etc. and 5 CSIs focus to using their profit to fund other industries. These are Sangam Press, Milijuli Bread Industry, Nirman Sewa Restaurants

etc. but other 12 CSIs using their profit only for the household consumptions. These are Sagarmatha Garment, Deep Sewa Tailors, Kushal Color Lab, Arati Moja Udhog, Galaxy Computer and Upset Press etc. other than these 16 CSIs using earning for household consumption from other sources which is earned by the other family members from other sector

#### 4.5.2 Nature of Problems for Production

Industries have different kinds of problem of production such as lack of skill man power, lack of market, lack of capital and others. Some of the problems that the industries of Putali Bazar Municipality of Syangja district are facing presented below.

**Table 4.5.2**  
**Nature of Problems for Production**

<b>S.N</b>	<b>Problems of Production</b>	<b>No of CSIs</b>	<b>Percentage</b>
1	Lack of capital	5	19.23
2	Lack of skill manpower	10	38.46
3	Limited market	6	23.08
4	Others	5	19.23
<b>Total</b>		<b>26</b>	<b>100.00</b>

Source: Field Survey, 2011

Table 4.5.2 shows that different industries have to face different types of problems, according to the survey, 19.23 percent of the industries are facing the problem of lack of capital, 38.46 percent industries are facing the problem of lack of skill manpower, 23.08 percent industries are feeling the problem of limited market ad 19.23 percent industries are facing the others types of problems. From the field survey, number of five CSIs mainly facing lack of capital. These CSIs are Motor Cycle Workshop, Agricultural Plantation,



Adhikhola Restaurant, Yadu Nath Regmi Rice Mill and Thakali Restaurant. And then, a number of six CSIs mainly facing problem of limited market. These are Chandikalika Ice-cream Udhog, Nagya Furniture Udhog, Sagarmatha Garment, Shiva Metal Industry, Milijuli Bread industry and Ganesh Dalmot Udhog, Number of ten CSIs mainly facing the problems of skill manpower. These are Ankur Construction, Deep Sewa Tailors, Arati Moja Udhog, Kushal Nirman Sewa and etc. then other CSIs facing others problem i.e. lack of transportation, raw materials, security and so on.

Although there is different types of problems, most of the industries have the problem of skill manpower and limited market. But the problem of skill manpower is more spread as compare to the problem of limited market.

#### 4.5.3 Source of Raw Materials

Raw materials are one of the essential elements to determine its quality, cost of the production etc. it is also the element of success and failure of every industry. The sources of raw materials of CSIs of Putali Bazar Municipality of Syangja district explain below with the help of the table.

**Table 4.5.3**

**Source of Raw Materials**

S.N	Source of Raw Materials	No of CSIs	Percentage
1	Local	4	15.39
2	External	7	26.92
3	Both	15	57.69
<b>Total</b>		<b>26</b>	<b>100.00</b>

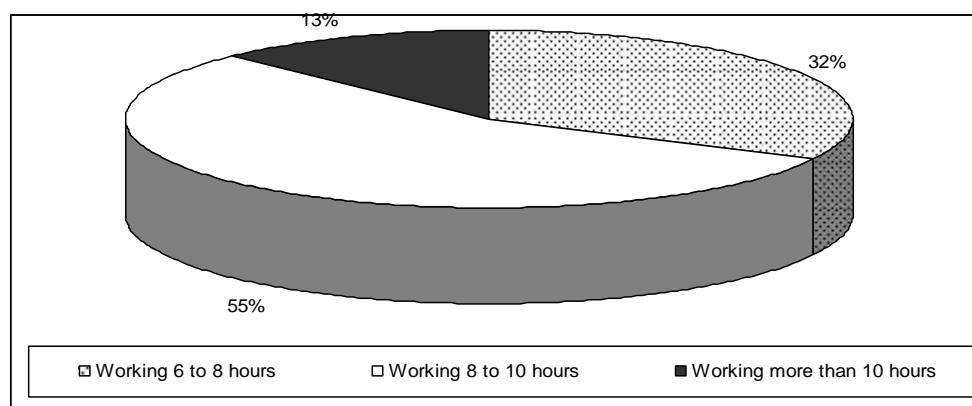
Source: Field Survey, 2011

In the above table 4.5.3 shows that it is displayed that 15.39 percent of total industries of the study area are using local raw materials, 26.92 percent are using external raw materials and 57.69 percent are using both local and external raw materials. This shows that only few industries are depending in local raw materials and 26.92 percent industries are depending in imported sources. But 57.69 percent CSIs are depending up on both local and external raw materials. From the field survey, only four CSIs using local raw materials. These are Dalmot Udhyog, Thakali Restaurant and Yadu Nath Regmi Rice Mill. And number of seven CSIs using external resources. These CSIs are Motorcycle Workshop, Rashid Ghadi, Radio Repairing Center, Arati Moja Udhyog, Sushma Beauty Parlor, Tara Chalk Udhyog and Birat and Nisha Masala Udhyog. Other fifteen CSIs using both local and external resources to run their CSIs. This concluded that most of the CSIs of study area are not being self dependent for the raw materials.

#### 4.5.4 Working Time Durations

From the survey it is found that most of the labors in the CSIs work approximately 10 hours per day. But they have no holiday throughout a week. The situation of the working time duration of the study area explains below with the help of the figure.

**Pie-chart 4.5.4**  
**Nature of Working Time Duration**



Source: Field Survey, 2011

From the above pie-chart 4.5.4 shows that the sample of 26 CSIs of study area the labors who work 6 to 8 hours are 32.45 percent, 8 to 10 hours are 55 percent and labors who work more than 10 hours are 12.55 percent. It shows that higher percentage of labors work 8 to 19 hours per day. It creates laziness boring and tidy feelings to the labors.

#### 4.5.5 Difference Between male and Female Salary

In almost all area we can see salary discrimination between male and female for the same work.

**Table 4.5.5**  
**Male and Female Salary Discrimination (Per Month)**

<b>S.N</b>	<b>Amount of Differences</b>	<b>No of CSIs</b>	<b>Percentage</b>
1	Less than 1000 rupees	3	11.54
2	1000-4000 rupees	13	50.00
3	More than 4000 rupees	10	38.46
<b>Total</b>		<b>26</b>	<b>100.00</b>

Source: Field Survey, 2011

Table 4.5.5 shows that the salary discrimination between male and female labors employed in different cottage and small industries. According to the above table 11.54 percent of female labors have been discriminated by below thousand rupees, 50.00 percent female labors are discriminated by 1000-4000 rupees and 38.46 percent female labors are discriminated by more than 4000 rupees.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Summary**

Small and Cottage Industry sector is the backbone of the Nepalese economy. More than 90 percent of industries can be categorized as small and cottage industries (DDC, 2009). Being one of the potentials for the development of industry in Nepal, this sector has to be the concern of the government.

This study is conducted in Putali bazaar municipality of Syangia district use by the primary data collection method with the help of the questionnaire technique. This study is based on the sample of 26 CSIs which are selected by using systematic Random Sampling technique. In this municipality, there are 217 CSIs are registered till the FY 2066/067. Out of them total sampled CSIS are 26.

The study tries to find out the socio-economic effect of small and cottage industries of Putali bazaar municipality of Syangia. This study focused to find out the employment situation, education situation and health situation of the people of study area. The major findings of the study area are summarized as below:

From the study as compare to the male and female participation as a proprietor, female participation is less than male. Only 19.23 percent of female participates as a proprietor. And then, only 29.56 percent female and 70.44 percent male are employed the CSIs in the study area.

Only 3.85 percent labors are selected by the free competitions and 26.22 percent are family related person. In the study area 23.08 percent CSIs earns below 20000 Rs and 30.77 percent CSIs earned above 40000 Rs and 46.15

percent CSIs earned 20000 to 40000 Rs in a month. The CSIs of study area only 15.38 percent CSIs hire more than 10 labor and 84.61 percent CSIs hire less than 10 labor. From the study, 7.96 percent CSIs provide part-time employment and 73.08 percent CSIs provide full-time employment.

In the CSIs of study area, 34.59 percent labor are from the Brahmin Chherri basis and Aadibasi-Janajati, Madhesi, Dalit and others are 38.36 percent 14.47 percent, 6.92 percent and 5.66 percent respectively.

Labor who are engaged in CSIs of study area only 24.53 percent labor provides education to their children from the govt. school and 75.47 percent labor provides education to their children from the private school. Form the study we can find that out of total Brahmin-Chhetri students, 81.82 percent are studying private school and only 18.18 percent are studying in govt. school. And out of total Aadibasi-Janajati student, 38.36 percent are studying private school and only 18.03 percent are studying Govt. school. Out of total Dalit student, 54.55 percent student studying private school and 45.45 percent are studying Govt. school.

Most of the CSIs i.e. 46.15 percent CSIs use their profit for the household consumption, 23.08 percent CSIs use to promote the same industry, 19.23 percent CSIs use to fund other industry and 11.54 percent CSIs use their profit for the other purposes. And then, 15.39 percent CSIs use local resources, 26.92 percent CSIs use imported resources and 57.69 percent CSIs use both local and imported raw materials.

From the study, there are 26 CSIs selected by the sampling process. Out of these 26 CSIs 19.23 percent CSIs facing the problems of lack of capital and 38.16 percent CSIs facing the problem of Skill manpower. And then 23.08 percent CSIs are facing the problem of limited market and other 19.23 percent CSIs facing security, transpiration and many others problems. In the study area

32 percent labor works 6 to 8 hours, 55 percent labor works, 8 to 10 hours and 13 percent labors work more than 10 hours.

From the research, we find there is salary discrimination between male and female labor. Out of 26 CSIs, 3 CSIs have less than 1000 Rs. Salary discrimination between male and female labor. And 3 CSIs have 1000-4000 Rs. Salary discrimination and 10 CSIs have more than 4000 Rs salary discrimination. All of the CSIs female labor's salary is less than male labour salary.

## **5.2 Conclusion**

Based on the outcome of the study, the following conclusion can be derived:

Female participation as a proprietor is lower as compared to the male. And only 3.85 percent labors are selected by the free competition which decreases the chances of skill manpower. In the study area only few CSIs earns above 40000 Rs in a month. And most of the CSIs earns below 40000 Rs and them most of these CSIs hire less than 10 labors. This study conclude that only few female labors are involved in the CSIs of the study area. CSIs of the study area, most of the labors are Brahmin-Chhetri and Aadibasi-Janajati bases but only few labors and from Madhesi and Dalit community.

From the study, most of the children of Madhesi and Dalit community study Govt. school as compared to the Brahmin-Chhetri and Aadidsi-Janajati community only few CSIs can success to invest in educational institution. The labor who engaged in the CSIs of the study area, all of the labor are not healthy all the labors are suffering from any one disease and cut of these labor, most of the labor check-up their health from the Govt. hospital.

From the study, most of the CSIs use their profit for the household consumption. Only few CSIs use their profit to promote the some industry. The

main problem is lack of skill manpower which is seen by the study. There are only few CSIs are based on the local sources which increases the cost of the production. The main problem is that, most of the labor are working more than 8 hours and another problems of CSIs of the study is the male and female salary Discrimination.

### **5.3 Recommendations**

This study reveals that there is a need for some improvements which are findings form the study. According to the field survey, small and cottage industries are seen to be very fruitful in the study area but there are some problems which are necessary to solve. Based on the findings of the study some recommendations are given as below:

Female participation as a proprietor is lower as compared to the male so for the promotion of the female participation government should provide professional training and make female oriented policy and provide incentive to the female. For the improvement of the production of the firm, labor should be select by the free competitions. Most of the CSIs earns below 40000 in a month and hire less than to labors. So to improve this government should provide incentive to the firm, which helps to expand the firms and they hire more labor or provide employment to the more labor.

In the study area CSIs can not provide incentive to the female, so to increase the involvement of the female as a proprietor as well as labor, department of CSIs of the study area provide first priority to them. From the study, Dalit and Madhesi labors involvement is low so that the owner of the CSIs provides equal chance to them and government should provide skillful training to them. CSIs provide scholarship to the Dalit and Madhesi communities student for their quality education and bright future. The CSIs of the study area should

create a fund for the labor who are unhealthy and should provide health services thought that fund.

Most of the firm use their earning for the household consumption which is the main problem for the expand of that firm: for the expand of the CSIs of the study area they must invest their profit for the promotion of the same industry. For the incensement of the employment, CSIs use local resources or raw materials.

Another main problem is that, there is salary discrimination among the male and female labor. This discrimination must be conceal of for the improvement of the socio-economic condition of the study area.

From the research we can conclude that only 15.39 percent CSIs uses local raw materials for the production process. This is due to the lack of raw materials in the study area. Government should give intensive for the promotion of the local raw materials. This helps to promotion local raw materials based CSIs. In the study area 28.30 percent labor use domestic medicine. This shows, these people are out of the access of the health service. Because they cannot afford the expensive fee of the hospital and medicine. To solve this problem government should provide incentive to the medicine. In the study area most of the CSIs cannot get any support to run this CSIs. For the development of the CSIs of the study area government should formulate the favorable policy and provide training to the labor and owner, provide counseling, price support, market facility etc.



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## APPENDIX

### Questionnaires for Entrepreneurs

#### A) Entrepreneurs Profile

Name:

Age:

Sex:

Cast:

Address:

Name of Industry:

Date of Establishment:

#### B) Employment Situation

1) What types of employment opportunities are created by your factory?

- a) Seasonal employment
- b) Part-time employment
- c) Full-time employment

2) How much money do you have earning from this factor in a month?

- a) Below 20,000
- b) 20000 to 30000
- c) 30,000 to 40000
- d) Above 40000

3) How many people are engaged in your factory?

- a) Less than 10
- b) More than 10

4) Employment pattern by sex

- a) No of male worker
- b) No. of female worker

5) Employment pattern by age

- a) Less than 15 years
- b) 15-60 years
- c) More than 60 years

- 6) What is the process of selecting labor?
- a) Free competition
  - b) Family related person
  - c) Both
  - d) Others
- 7) Are you satisfy from your business?
- a) Yes
  - b) No

**C) Educational Situation**

- 1) Is the establishment of the firm support to improve the educational condition of your children?
- a) yes
  - b) No
- 2) In what types of school are your children study?
- a) Government School
  - b) Private School
- 3) What types of school did your children study before the establishment of firm?
- a) Government School
  - b) Private School
- 4) Do you have got any support from the government to run this firm?
- a) Yes
  - b) No
- 5) Can you help the other children, who are in helpless in their educational purpose?
- a) Yes
  - b) No
- 6) Do you invest in educational institution?
- a) Yes
  - b) No
- 7) If yes, what types of educational institutional do you invest?
- a) Government School
  - b) Private School
  - c) Government College
  - d) Private College

**D) Heath Situation**

- 1) Can those earning from the firm help to improve your health?
- a) Yes
  - b) No

2) Before the establishment of the firm which medicine did you use to solve the health problem?

a) Domestic Medicine   b) Antibiotic

c) Others

3) Where do you go to health check-up after the establishment of the firm?

- a) Clinic
- b) Community Hospital
- c) Government Hospital
- d) Private Hospital

4) Are these labor who are engaged in your firm all are healthy?

- a) Yes
- b) No

5) If No, where are they go to check-up their health?

- a) Private Hospital
- b) Government Hospital
- c) Private Clinic
- d) Others

#### **E) Others**

1) Where do you utilize the profit of this business?

- a) Promote the same firm
- b) For household consumption
- c) To fund other industry
- d) For other purpose

2) What is the main problem for production activities in your factory?

- a) Lack of capital
- b) Lack of skill manpower
- c) Limited market
- d) Others

3) Where do you get the raw materials?

- a) Local source
- b) Imported source
- c) Both

4) How much time do you work per day?

- a) 6 to 8 hours
- b) 8 to 10 hours
- c) More than 10 hours

5) Is there any difference among male and female labours salary?

- a) Yes
- b) No

6) If yes, how much different they have?

- a) Less than 1000 rupees
- b) 1000-4000 rupees

c) More than 4000 rupees

7) Have you saying any remaining?

a) .....

b) .....

c) .....