

**IMPACT OF MICRO-ENTERPRISES ON POVERTY
ALLEVIATION IN NAWALPARASI DISTRICT, NEPAL**

A Thesis Report

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Submitted By

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LETTER OF RECOMMENDATION

This thesis report entitled **Impact of Micro-enterprises on Poverty Alleviation in Nawalparasi District, Nepal** is prepared by Mr. Chakra Bandhu Pandey under my supervision and guidance in the partial fulfillment for the requirement of Master of Arts in Rural Development. I hereby recommended this report for evaluation and acceptance.

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ABSTRACT

Poverty alleviation programs and projects in developing countries are influenced by the western concept of poverty. Therefore, the empirical consequences of the western socially constructed concepts in the third world are important. Nepal is the 10th poorest nation in the world. Thirty two percent of the population live below the poverty line in Nepal. Nepal is facing significant challenges in poverty reduction due to the alarming population growth and the sluggish nature of its economy. Its socio-economic condition is predominantly characterized by agriculture with lack of employment opportunities. The role of micro enterprises on poverty alleviation is crucial and it becomes vital especially for the countries like Nepal. To promote enterprises in Nepal, entrepreneurial culture among the people as to be stimulated and developed so that employment can be sifted from agricultural sector to the industrial sector. In this regard, MEDEP has been promoting development of micro-enterprise amongst low-income families to generate employment and income opportunities for the poverty alleviation in Nepal.

The universe of the study has been sampled in the MEDEP focused area in Nawalparasi District. Bamboo products, Fiber and Textile products enterprises were sampled and sample size is 70 entrepreneurs who had operated their enterprises by taking loan from ADB with the support of MEDEP. The study entitled "Impact of Micro-enterprises on Poverty Alleviation in Nawalparasi District, Nepal" is to analyze the impact of micro enterprises on poverty alleviation in study area and the specific objectives are: to compare income status of people before and after operation of micro-enterprises, to analyze the market accessibility of micro-enterprises products, to analyze the trend of micro enterprises development and to explain about the appropriate technology for improving micro enterprises production system at local level in study area. The enterprises are based on locally available raw materials. There were only a few enterprises using some materials purchases from the distant markets. The Bamboo products, the enterprises are found using the locally available raw materials and looks into the market demand. Market is the foremost important element which determines sustain of any enterprises.

Findings revealed that the impact of poverty alleviation programme in study which is analyzed by using fundamental indicators such as: Social status like education, health, literacy, food habits etc. and economic status like income sources, consumption pattern, employment and land size etc. and other production trend of the enterprises. The study is based on both primary as well as secondary sources of information. The secondary sources

of data were collected basically published and unpublished documents from individual experts, article, newspaper, journal etc. related to poverty and micro enterprises. The primary data was collected y using various methods. The researcher own-self participated to collection of primary data by using data collection techniques and tools like structure and semi structure questionnaire, check list, observation sheet, focus group discussion, key informants, interviews etc.

In the study area, the enterprises under the programme is found very effective to make a net income minimum Rs. 1200 to maximum Rs. 30000 per month per enterprises. Adding this income to the average mean per capita is Rs. 4841 per months after operation of micro-enterprise. From the study it was found that there were 54.28% entrepreneurs whose major income source is micro enterprises and out of total sample enterprises there were found 226 employer and also found to be change in education status, health status, skill development and economic situation of the people. It can be concluded that the poor and medium classes have been benefited proportionately more from the program. In spite of its positive impact on raising the socio-economic status of people to some extent updating MEDEP in some of its policy and implementation aspect was realized for making it more pro-poor and best approach for poverty alleviation in Nepal.

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ABBREVIATIONS/ACRONYMS

ADB	-	Asian Development Bank
CBS	-	Central Bureaus of Statistic
DDCs	-	District Development Committees
DMEGA	-	District Micro Enterprises Group Association
EDF	-	Enterprises Development Facilitator
FGD	-	Focus Group Discussion
G/N	-	Government of Nepal
GBR	-	Gramin Bikas Replication
GDP	-	Gross Domestic Products
HDI	-	Human Development Index
HDR	-	Human Development Report
HH	-	Household
ISC	-	Industrial Service Center
MDG	-	Millennium Development Goals
MECD	-	Micro-Enterprises Creation and Development
MEDEP	-	Micro Enterprises Development Programme
MOF	-	Ministry of Finance
MOICS	-	Ministry of Industry Commerce and Supplies
NLSS	-	Nepal Living Standard Survey
NPC	-	National Planning Commission
NPSO	-	National Programme Support Office
NRB	-	Nepal Rastra Bank
PAF	-	Poverty Alleviation Fund
PCs	-	Programmes Centres
PRSP	-	Poverty Reduction Strategy Paper
SMEs	-	Small and Medium Enterprises
SIYB	-	Start and Improve Your Business
SMIc	-	Small and Medium Industries
UN	-	United Nation
UNDP	-	United Nation Development Programme
VDC	-	Village Development Committee

CHAPTER I

INTRODUCTION

1.1 General Background

Nepal is facing significant challenges in poverty reduction due to the alarming population growth and the sluggish nature of its economy. Its socio-economic condition is predominantly characterized by the lack of employment opportunities. Over 80 percent of the economically active population, depend on subsistence agriculture. The demand for agriculture labour is highly seasonal creating a need for combining agriculture with other jobs. This all has resulted in the under utilization of between 40 to 60 percent of its adults work force making poverty alleviation a difficult job.

In simple word, poverty is a social phenomenon in which a section of the society is unable to fulfill even its basic necessities of life. However, when a substantial segment of a society is deprived of the minimum level of living and continues at a bare subsistence level, that society is called to be plagued with mass poverty. Most of the economists and social scientists have defined poverty and poverty line with different views. Oscar (1982) defined: poverty is a situation syndrome in which the following are combined under consumption, malnutrition precarious, housing conditions, low education levels, bad sanitary conditions, either unstable participation in the production, primitive strata, attitude of discouragement and anomie, little particular scale of values different in some extent from that hold by the rest of society.

Poverty is a matter of feeling while fixing a poverty line is certain concept. The nature of poverty differs vastly in developed countries. Every country has its own definition, concept and logic of poverty. In 1982, while initiating the poverty alleviation program in UK. The Prime Minister Margaret Thatcher said that there is no government definition of poverty (Kunwar, 2002).

Poverty is a familiar concept and has existed in every society at the time. Poverty exists not only in the least developed countries but also in

the developed countries. Nepal is an agricultural country where the majority of its population lives in rural areas. Both urban and rural villagers are suffering badly by this problem. Thus, it is needless to say that development of rural areas and agriculture help to boost the country's economy and hence achieve alleviating poverty to greater extent. Many of the economists and institutions have defined poverty differently. Some of them have defined that poverty is mass problem in the third world is primarily one of the rural poverty. The majority of the population lives in the rural areas where average income is much lower than in the urban areas and the incidence of poverty is much higher. Poverty in undeveloped countries is conceived as an absolute phenomenon present in the rural society.

Poverty is rapidly, increasing not only in Nepal but also in the whole world. In Nepal, the growing incidence of poverty is the outcome of an economic process that is associated with worsening income distribution among the households. Poverty has further been exacerbated by limited access to productive resources. High level of under employment or unemployment and perpetuated by the indebtedness of the poor.

In Nepal, poverty incidence profile was not a long history. Initially in 1976/77, National Planning Commission conducted the National survey on employment, income and consumption. The poverty level has been quantified with the help of minimum subsistence level of income and consumption. About 33 percent population was below the prescribed poverty lines in 1983 (NPC, 1983), 70 percent in 1992 and 53.1 percent in 1997 population was below the poverty line. Nepal Rastra Bank (NRB) conducted Multiple Household Survey in 1984 and reported that 41.4 percent population was below the poverty lines of which about 43 percent in rural and 39 percent in urban areas (NRB, 1988). In the Ninth Five years Plan (1997-2002) 42 percent were below the poverty line estimated from Nepal living standard Survey 1996 data (CBS, 1996). In Tenth Five years Plan (2002-2007), 38 percent were living below the nationally prescribed poverty line in 1999 Nepal living Standard Survey 2003/04

estimated that 31 percent population was below the poverty line (CBS, 2003/04).

The Nepalese economy is quite dynamic with favourable economic indicators, viz, stable prices, strong balance of payments position and average annual economic growth of more than 4 percent during the decade of the 1990s. These descriptions, however, hide the fact that Nepal is and least developed country with widespread poverty and a gross national per capita income of US \$ 240 in fiscal year 2004/05 with the country ranking 136 out of 177 countries in the United Nations development program, Human Development Index (NRB, 2006)

Small and micro-enterprises are important in the economic development of the Nation not only in Nepal but also everywhere. This sector is even more important for the country like Nepal because of its geographical conditions and small size of the market. Small Scale Industries deserved significant place in the economy because it utilizes indigenous resources, creates higher employment opportunities, use local technology and mobilizes domestic capital. Country like should be promote and develop technically and economically viable small micro enterprises if it is to accelerate the pace of economic development.

Government agencies, NGOs and INGOs are substantially involved in promoting micro-enterprises with a view to developing human resources whose contribution can play a vital role in the national economy. The government has emphasized to promote and develop enterprises in a decentralized way. Small and micro-enterprises are the most suitable means of economy development for the least developed countries like Nepal so the need based programs should be developed in time so as to promote productive human resource in the field of micro-enterprises. (MOF, 2003)

Small and Medium Enterprises (SMEs) or Industries (SMIs) constitute the backbone of all economies regardless of the level of their development. In the developing countries even with high investment in human capital and lower use of improved technology, the SMEs are found to contribute 40-60% of the total output or value added to national

economy. This is indeed a substantial contribution. If the SMEs are also technologically upgraded, their contribution is found to rise. Besides this contribution in quantitative terms, there are other contributions of high social significance that the SMEs can make they can create employment, they can help modernize the economy and they can bring in regional balance in development scenario within a country. The less developed the economy the more significant is the SMEs contribution (Maskey, 1999).

The micro-enterprises are one of the important components for strengthening national economy. They are essential not only for the utilization of local resources, but also to act as agents for the flows of goods and services. An enterprise is broadly defined to include any economic unit engaged in the production 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. The following is a widely accepted definition of enterprise.

Enterprise means an organization primarily for production and commercial sale of industrial products in almost all cases for the pecuniary or other material benefit of the enterprises owner or owners such as the proprietor, partners or members of a co-operative (Harper, 1984).

Thus, a self employed construction worker, a self employed transport worker such as driver of three wheel rickshaw and self-employed service worker such as shoeshine boy, for example are all treated 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. This primarily refers to micro-enterprises (Pradhan, 2002).

Micro Enterprise Development Programme (MEDEP) is one of the poverty reduction programmes implemented by Government of Nepal with the technical and financial support from UNDP. The main goal of MEDEP is to improve the socio economic status of low income families of Nepal through the promotion of micro enterprises and generation of employment. The objectives of the programme is to diversity the

livelihoods and increased the income by 50 percent of about 20,000 low income families through micro-enterprise development and promotion. The programme has established itself as a low-income community focused programme implemented with the goals of reducing poverty in rural areas of Nepal. It has initiated the process of providing opportunities of uplifting the economies of low-income families through employment generation in rural areas by helping them produce goods and services for local consumption. This is designed with a new approach of creating rural employment through micro enterprise development providing technology and micro credit to entrepreneurs. Although profit is the main motive for operating micro-enterprises the programme's support of low-income families, ultimately leading to inclusion in the mainstream of economic development. Together with the partner organizations, the services as required by the entrepreneurs.

1.2 Statement of the Problem

Poverty is one of the major problems in the third world countries but the problem is very serious particularly in less developed countries. Nepal is trapped in vicious circle of poverty. But it has been trying different approaches in its efforts to alleviate poverty in the country. Poverty is caused by low opportunity for employment, insufficient education, low skill and lack of appropriate technology for utilizing resources. Employment creation is main goal of most of the poor countries and micro-enterprises are to be a fruitful source of employment. Employment is not only way of relieving poverty. For the establishing micro-enterprises that provide income opportunities of the poor family by utilizing local technology and resources. Micro-enterprises are almost always locally owned and control or family ownership of enterprises. The most important problem is to promote indigenous enterprises due to lack of skillful training, capacity building and other loan facilities.

Access to employment and income generation opportunities in the micro-enterprises sector possess a different set of problems. In micro-enterprises produces more goods but they have no proper access to market and transportation.

The improved technologies for micro-enterprises should also emphasize on producing appropriate products according to market and consumer demand and desirable quality based on research recommendation. The technological change in micro-enterprises is very much essential particularly in Nepal and other developing countries.

Although many programmes such as: Bee keeping, Bamboo products, Chemical and Chemical related, food and beverage, Shoes making and leather, metal and engineering, repairs services, fiber and textile, wood and timber products, sewing cutting and tailoring etc. have been launched in Nawalparasi district of address poverty alleviation through micro-enterprises but we did not find any research study on such types of program so to develop and run such type of programme in other district as well, research study is needed. Therefore, I would like to carry on such research in these programme areas.

1.3 Objective of the Study

The major objective of this study is to analyze the impact of micro-enterprise on poverty alleviation in MEDEP programme areas of Nawalparasi District. The Specific objectives are given below:-

1. To compare the income status of people before and after operations of micro-enterprises.
2. To analyze the market accessibility of micro-enterprises products.
3. To analyze the trend of micro-enterprises development.
4. To explain about the appropriate technology for improving micro-enterprises production system at local level.

1.4 Scopes and Limitation of the Study

Every study has its own limitation and constraints. This study also has such type of limitations. Which are given below:-

1. This study was covered Bamboo, Fiber and textile production enterprises at least two years old enterprises only MEDEP programme launched area in Nawalparasi District.
2. This study was covered Sunwal, Daunnedevi, Gaidakot VDCs of Nawalparasi district.
3. This study focuses on the low-income groups and the theoretical and practical aspect of enterprises development, Capacity building, women participation and employment generation.
4. Conducted during the period under the first phase poverty alleviation programme through micro-enterprises by MEDEP in 1998 to 2003 consider for this study.

Despite these limitations, the data was gathered adequate to examine the effectiveness of programme in the study area

1.5 Significance of the Study

Nepal is facing significant challenges in poverty reduction due to the alarming population growth and the sluggish nature of its economy. Its socio-economic condition is predominantly characterized by the lack of employment opportunities. Over 80 percent of the economically active population, depend on subsistence agriculture. The demand for agriculture labour is highly seasonal creating a need for combining agriculture with other Jobs keeping in view the topography of Nepal; there is a good opportunity for creating Jobs and developing micro-enterprises, which can fulfill the demand of the local market. Since the industrial strategies employees in Nepal are both import substitution and export promotion. Promotion and development of micro-enterprises could be the best alternative for the country as they are accepted to accelerate the pace of economic development by promoting enterprises in regionally balanced way.

The role of micro-enterprises on the poverty alleviation is crucial and it becomes vital especially for the countries like Nepal. To promote enterprise in Nepal entrepreneurial cultural among the people as to be

stimulated and developed so that over-burdens of employment can be shifted from the agricultural sector to the industrial sector. In this regard, MEDEP has been conducting training programme in low-income families to promoting micro-enterprises for their poverty alleviation. Hence the central theme of his study is to analyze the import of micro enterprises on poverty alleviation.

1.6 Operationalization of the Study

The study was focused on the impact of Micro-enterprises on poverty alleviation in Nawalparasi District, MEDEP program area. Different kinds of variables and indicators has been used to measure the education, health, socio-economic status and income level of people who are established their own enterprises. On the view of objectives different kinds of indicators has been used such as:

Objectives	Indicators
1. Impact on Poverty Alleviation	
a. Social Condition	Educational/Literacy rate
	Enrollment rates of students
	Health
	Food habit
	Housing condition
	Family position
b. Economic Condition	Income sources
	Consumption pattern
	Employment potential
	Access to raw material
	Land ownership
	Loan system
	Market facilities
2. Problems	Appropriate Technology
	Market access
	Skill development
	Access to loan procedure
	Employment
	Use of loan
	Gender equity
	Social value and norms
	Knowledge skill and resource mobilization

1.7 Organization of the Report

The Thesis Report is divided in five chapters. The first chapter includes the background of the study, statement of problem, objectives of

the study, limitation, significance and operationalization of the study. The second chapter review of literature that conceptual review has been mentioned systematically and chronologically as far as acceptable. The third chapter deals about the methodology of the study. The Fourth chapter describes about the findings of the study. The five chapter is analyze the impact of the micro-enterprises in study area and Conclusions and Recommendations have been dealt at the end of sixth chapter.

CHAPTER II

LITERATURE REVIEW

Literature review is one of the important parts of any research work. To gain useful and background information about the problem and impact over the study literature review is essential. For this research work, the development of literature review have been enriched by many researchers by their contribution in conceptual review. But there is no universal definition of poverty and Micro-enterprises. In several developing countries, different kind of parameters used to define poverty and micro enterprises. Poverty is defined to include socio-economic condition education, health, nutrition, marital status and livelihoods of people etc. But Micro-enterprises define to include number of employees, assets employed, sales turnover, employees and turnover, employees and assets, turnover and assets, and employees, sales and assets. However the quantitative definition of the micro-enterprise parameters varies from country to country depending on the purpose of study.

2.1 Conceptual Review

Poverty has been defined in various ways, and debates about the nature and causes of poverty are on going. The concepts and measurements of poverty are linked to the way poverty is perceived and defined. Thus, programs for poverty alleviation are implemented based on the way poverty is defined, measured and socially constructed. The Third World receives immense foreign aid from Western (developed) nations, and poverty alleviation programmes and projects in developing countries are influenced by the western concept of poverty (Marklund, 1990).

Many efforts have been made to conceptualize poverty and inequality and also tried to identify reasons for these phenomena. In the earlier era, Rowntree tried to explain poverty as a family is in poverty if its total earnings are insufficient to obtain minimum necessities for the maintenance of merely physical efficiency. The emphasis later on was to explain poverty in relative terms than in absolute terms. There are

different schools of thought to explain the causes of poverty and inequality. Functional school propagated by Talcott Parsons, Kingsley Davis and Wilber Moore emphasizes on aspects of harmony, consensus and functionalism. The conflict school put forward by Marx stresses on the inner conflict, contradictions and dialectics of power and does not accept the legitimacy of prevailing economic order. The culture school as explained by Oscar Lewis views the culture of the poor as the reason for the existence of poverty. The recent explanations tend to be more comprehensive. It is related to wide range of factors including income, health, education, and access to goods, geographical location, gender, ethnic origin and family circumstances. In order to understand the concept of poverty, it is essential to integrate and measure social indicators along with income and consumption of households.

The phenomenon of poverty is as old as the human society. It was considered as sin and had the belief that there was no escaping from it. The presence of poverty anywhere is the threat to everywhere (Kunwar, 2003). According to Human Development Report (1995), "More than three-fourth of the World's population live in the developing countries, but they enjoy only 16% of the world's income; while the richest 20% have 85% of the global income". The eradication of poverty has been explained as the unfinished business of the 21st century.

Poverty is a strong determinant of people or community. It contributes to physical weakness of people through lack of food, small/weak body, malnutrition leading to low immune response; inability to pay for health service: isolation because of the inability to pay the cost of schooling, and bicycle, inability to powerlessness because due to the lack of wealth the poor have no voice (Chamber, 1983) Thus, poverty is a relative term and may be defined as an economic condition that is inadequate to meet basic needs of a person (Kunwar, 2003). Generally following types of poverty has been defined.

1. Absolute poverty: It occurs when people fail to receive sufficient resources to support a minimum level of physical health and efficiency that is often expressed in terms of calories or nutritional values.

2. Relative poverty: it is the general standard of living in different societies culturally stated as being poor rather than some absolute level of deprivation.
3. Hardcore or Ultra poverty is the line below the absolute poverty line, its half by the gestation as the rule of thumb.

Nepal is one of the least developed countries in the world and 10th poorest nation in the world. Thirty two percent of the population lives below the poverty line in Nepal. The poverty line is estimated based on the annual consumption expenditure level below which the population of Nepal can be considered poor. DFID estimates that 50% of the population lives on less than \$ 1 per day, with the status of fifth very poor. According to the world Bank estimate 40-50% of the population lives below the poverty line. Over nine million are now below the poverty line, most of them live in rural areas. The total poverty in Nepal according to Ninth plan and Nepal Living Standard Survey (NPC, 1996) was estimated at 42.0 percent, with poor 24.9% and ultra poor 17.1%. The poverty in rural area was 44% and in urban region 23%. The revised estimate per capita GNP in terms of US \$ for the year 2002/03 is \$ 250 (CBS, 2004).

"A world that has 1 in 5 its people living object poverty is certainly not just and it is also dangerously unstable. This is particularly so when the poorest fifth of the worlds population have seen their share of global income fall to less than 2% and the richest fifth by contrast, have seen their share to 85% such high levels of poverty are linked with the spread of diseases unrest and war migration population growth and environmental degradation. If we are to leave safe world to the next generation, we must eradicate these massive levels of poverty from the world" (Clare short, 1997).

Poverty is a relationship between the essential needs of the people for survival and physical efficiently and their ability of satisfying them. Those who can not satisfying basic needs such as: fooding, clothing and shelter are called poor and those who have non poor (HDR-1998).

2.2 Poverty Alleviation Programme in Nepal

Poverty Alleviation programs and projects in developing countries are influenced by the western concept of poverty. Therefore, the empirical consequences of the western socially constructed concepts in the Third world are important. The major source of addressing the problem of poverty is based upon a proliferation of non-governmental organizations as well as community-based organizations involved in poverty alleviation programs (UNDP, 2001). The government is the primary source of program for a community. More, importantly, the government designs and enforces its set of national policies for poverty alleviation. Various bilateral and multilateral donors have provided resources for the general development of the country and poverty alleviation. The effectiveness of the donor assistance for poverty alleviation is contingent on the government policies under which these resources are mobilized. The NGOs have become implementing agencies for a number of poverty alleviation programs supported by donors. A developing country, Nepal has seen a proliferation of non-governmental organizations in the past two decades. Although, the majority of non-governmental organizations are concentrated in the central development region, nearly half of them are working in community development (Kharel, 2003).

A lot of proposal and strategies have been presented to alleviate poverty but a complete package is still missing. The ninth and tenth development plans of Nepal have made a singular goal of poverty alleviation as the mission. National Planning Commission (NPC) proposes to reduce poverty from 42% to 10% within 20 years time period.

Poverty reduction is highest priority for Nepal. The sole objective of the Tenth National Development plan has been poverty reduction. The plan also known as Poverty Reduction Strategy Paper (PRSP), has four major pillars, broad based sustainable economic development, social development, targeted programs and good governance. It is view of the need for special efforts in reaching the poor and disadvantaged section of the Nepali population in line of the targeted programme (social inclusion)

of the PRSP, Poverty Alleviation Fund (PAF) ordinance 2060 was issued which states, "With the active participation of the poor and the marginalized groups of the society the fund shall run various poverty alleviation programs and shall provide necessary assistance and funds to organizations involve in similar works" (PAF, 2004/05).

Poverty is major problem all around the globe and likely to be and epidemic with very few cures. There are several dimensions, such as educational enrollment and advancement, infant and child mortality reduction and over all longevity, attached with income poverty. Cross-cultural socio-political conflicts and natural devastations have had a depression impact on them. Indeed most countries have increased their income inequality with rapid economic development (ESCAP, 2002). The project like Millennium Development Goals (MDG) was introduced for the reduction of poverty (UN, 2001). The MDGs set targets for making progress in varied dimensions, which ranges from having extreme poverty to putting all children into primary school and stemming the spread of infectious diseases all by 2015 (HDR, 2005). A significant progress has made on these issues during last decades but developing countries have slower progress on it and progress in other several issues has lagged. Economists have attempted to perceive the linkage between population and micro-economic growth through the real data sets with improved techniques and they concluded that population has a variety of effects on development at both the household and national levels (Birdsall, 2001).

Nepal Rasta Bank had done a survey under the title "Poverty Alleviation project in Western Terai", It is focused district in Terai, In the first phase, NRB work through Gramin Bikas Kendra to fulfill the objectives. This program is running in 52 VDC, and If more VDC will be include Western Terai. The main objectives of this project are to provide the incremental lending loan for the implementation of credit programme to depraved target group to create a conducive atmosphere for providing community development and skill oriented training. To improve the selected branches of GBR (Gramin Bikas Replications) to reduce the number of hard core people of 8 districts. The main goal of these projects

is to provide institutions credit to around 28,833 poor people from 16 branches of GBRs during the Project period. It also provide training programme for the improvement of their skill.

They organized a target group by including poor and are poor, which include 5 members. These people who have less then 1.5 Bigha of land in Terai and 20 ropani in the hill side are called poor. For poverty alleviation, it uses several method such as provision of providing loan, utilization of credit revolving fund, loan repayment, monitoring and evolution auditing, centers training fund etc (NRB, 1999-2000).

Micro-enterprise development programme has an immediate objective of developing new and existing micro entrepreneurs out of the low income families based on market demand there by enhancing their enterprise and increasing the micro-entrepreneurs family income. The programme's main purpose is to make low-income families self reliant and empowered through business activities rather than becoming dependent on others there by support the poverty alleviation goal of the national ninth plan.

In the past decades some GOs, NGOs and Banks are implementing micro-credit programmes in Nepal and they have many success stories on this aspect. However, most of such programmes are running on the principle that credit is the only need of the poor to rise their income status and have low emphasis on other need based activities of the poor together with micro-credit to make more successful of such programmes. Some other criteria of making poor turn into business men and entrepreneurs are the identification of potential micro-enterprises based on the demand of the poor, developing their entrepreneurial skills and technical know have based on the potential micro-enterprises in their locality, providing easy access to micro credit to run the micro-enterprises and developing linking with the market for marketing their products. This is the comprehensive package programme to be implemented by addressing the poor to help in alleviating poverty in Nepal and MEDEP is designed to implement such comprehensive package progrmme with micro-credit as one of the components with ADB/N as its stakeholder partner institution for the purpose (MEDEP, 2002).

2.3 Industrial and Enterprises Development

Industrial development in Nepal is at a nascent state with all types of manufacturing industries contributing for not more than 10 percent of the GDP and providing employment to not more than 2 percent of the labour force large industrial enterprises which have mostly contributed for the value added in the manufacturing sector have remained highly capital intensive, large industries creating Just one Job on average far an investment of not less than Rs. Three hundred thousand. Small and cottage enterprises are on the other hand generating one job on average for an investment of not more than Rs.10 thousand. This is and indication that for an employment intensive enterprises which added in the manufacturing sector have remained highly capital intensive, large industries creating just one job on average for an investment of not less than Rs.3 hundred thousand. Small and cottage enterprises are on the other hand generating one job on average for an investment of not more than Rs.10 thousand. This is and indication that for an employment intensive industrial expansion, promotion of small and medium scale industries is essential (Maskay, 2001).

A sustained high growth of the economy with more equitable income distribution is quite unexpected without a strong turnaround in small and medium enterprises and effective policy interventions of the government. In fact, small and medium enterprises sector is important for many reasons as an employer with reasonable equity benefits in terms of distribution of income, as a feeder to large enterprises to micro enterprises and to informal sector and a catalyst to the process of industrialization and technological advancement (Maskey, 2001).

An enterprise is broadly defined to include any economic unit engaged in the production of goods and services whether it employs only one person (the proprietor) or more, whether or not it used fixed capita; whether or not it has a fixed location for conducting business. The following is a widely accepted definition of enterprise.

Enterprise means and organization primarily for production and commercial sale of industrial products in almost all

cases for the pecuniary or other material benefit of the enterprise's owner or owners such as the proprietors, partners, or members of a co-operative (Harper 1984).

Thus, a self employed construction worker, a self-employed transport worker such as driver of three wheel rickshaw and a self employed service worker such as shoeshine boy, for example are all treated 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 service. This primarily refers to micro-enterprise. In several developing countries, the parameters used to define micro-enterprise include number of employees, assets employed, sales turnover, employees and turnover, employees and assets, turnover and assets and employees, sales and assets. However, the quantitative definition of the micro enterprise parameters varies from country to country depending on the purpose of the study (Pardhan, 2003).

The terms cottage and small-scale industries have been defined differently by different sectors. According to Industrial Enterprise Act 2049 (1992) and Industrial Enterprises (first Amendment) Act, 2057, "The traditional industries utilizing specific skill or local raw materials and resources and labour intensive and related with national tradition art and culture shall be named as cottage industries." The cottage industry is one which is carried on wholly or primarily with the help of the members of the family either as a whole or part time occupation. Cottage industries are the oldest industries in Nepal. Mainly family members either as a part time job or as a full time job operate these industries. In most cases, outside laborers are not employed in it and the productive work, hinges largely on the skill of the craftsman. Since cottage industries in rural areas are greatly associated with agriculture, these are conducted many as a seasonal job.

Small-scale industries on the other hand, are operated mainly with the help of outside laborers on the basis of with the capital investment ranging up to Rs.3 core is treated as small-scale industries. According to industries enterprise Act 2049 and industrial with a fixed asset of up to an amount of thirty million rupees shall be named as small scale industries."

These are generally operated as a full time occupation generally in both rural and urban areas. Cloth weaving, blanket weaving, wood carving, Furniture making, Curio goods making, oil pressing dyeing and printing, agro based industries such as milk dairy, Juice product etc, are some of the most important example of small industries or micro enterprises in Nepal (Kharel, 2005).

With a view to accelerating the pace of economic development the government of Nepal has under taken various measures. Besides the big organized industries in Nepal, there are a large number of micro-enterprises, which are in operation one cottage basis. It is estimated that cottage and small industries have contributed around 30% in total industrial production. In terms of employment generation, the World Bank estimates that 95% employment opportunities are created by this sector out of the total industrial employment. It can be operated with simple technology and managed and run by less trained personal. So him 1994/95 a high priority was recorded to cottage industries with view to increasing productive employment opportunities in rural areas and raising the living standard of the rural people through proper utilization of the local resources labour and skills.

Small enterprising activities provides more jobs than large ones they also have rather different effects on the people who work in them, regardless of their number. Experiences in industrializes countries suggest that people who work in small enterprises are happier in their work than those who work in large ones, in spite of generally lower wages and poorer standards of safety comfort and welfare facilities (Harper,1984).

2.4 Industrial Development policies and strategies in Nepal

The Tenth Plan

The overall industrial development objectives can be analyzed as follows:–

1. To increase the contribution of the industrial sector GDP by promoting and facilitating the private sector.

2. To contribute to poverty alleviation goal by increasing the income and purchasing power of the rural people through employment generation in the micro, cottage and small-scale industries.
3. To increase industrial competitiveness by attracting FDI and adopting appropriate technology.

It is estimated to achieve 7.8 percent annual average industrial growth rate, total industrial investment of Rs.40 billion in the plan period, including annual domestic investment of Rs.5 billion and foreign direct investment of Rs 3 billion and creation of additional 250000 employment opportunities in the industrial sector.

The strategies of the tenth plan can be viewed as below

1. The government will play the role of a facilitator, regulator, communication of information and monitoring agent to create and enabling environment for the private sector to take a lead role in industrial development.
2. Industrial production will be enhanced through identification of industrial sectors that have comparative advantage and competitive edge and also by creating necessary infrastructures.
3. Special attention will be given for the sustainable development of infrastructures, entrepreneurship and skills to develop micro cottage and small-scale industries based on local agro-forest resources.
4. Based on industrial Perspective plan, and industrial implementation action plan will be prepared and implemented.

The policies undertaken in the Ninth plan can be analyzed

1. Investment will be promoted by creating social and physical infrastructure wherever there is a potentiality of industrial development.

2. Micro and small-scale industries will be encouraged to work as subcontracting to big industries.
3. Various promotional programs will be launched in rural areas to develop entrepreneurship and skills to promote investment in industries based on local resources.
4. The micro-cottage and small-scale employment oriented industries will be developed and expanded by strengthening financial, institutional and technical support.
5. to develop entrepreneurship among rural women, the access of entrepreneurial women will be enhanced in the operation and management of food processing industries etc

The first five-year plan was implemented in Nepal from 1956-1960 with it a planned effort was made to promote and development entrepreneurship and industries in the country. The Industrial Services Center (ISC) conducted the first entrepreneurship training in Nepal for fifteen participants from 11 July 1978 to 16 July 1978 with the help of UNIDO (Karki, 1997).

Despite some changes brought about by the policies and other reforms initiated in the past, the contribution of the industrial sector in the Gross Domestic Product (GDP) has not exceeded 10 percent. In terms of industrial units, still more than 90 percent of the industries fall under small and cottage industry (micro-small-scale) categories. Such industries have contributed over 76 percent of employment in the industrial sector and 50 percent in value addition. Thus, there is a huge potential for using the development of small scale and cottage industries as important means for poverty alleviation. In this context, these are needed to develop micro-enterprise and small-scale industries and to extend them to the village level. There is also a need for policy level, legal, institutional and procedural reforms to expand and diversify the products of the industrial sector through the active participation of the private sector. Moreover, the quality of the industrial products needs to be improve and be competitive in the international market (Kharel, 2005).

2.5 Overview of Micro Enterprises Development Programme

Micro Enterprise Development Programme (MEDEP) is one of the poverty reduction programmes implemented by G/N with the technical and financial support from UNDP. It was designed to address poverty for people living below the poverty line by creating off farm employment through micro-enterprises development. The programme has taken initiatives to act as a facilitator in providing employment for poor people in rural areas by helping them to produce goods and services mainly for local consumption and market needs. Thus the programme activities have not only been limited in creating micro-enterprises but also providing all the necessary services needed to develop these enterprises. In the process, the programme attempts to link new and existing micro entrepreneurs from poor families to micro enterprise service delivery organizations based on market potential and the special needs of women so that their micro-enterprises can expand resulting to increases in their families income and achieve sustainable livelihood. The present trend indicates that about 15-20% of the entrepreneurs will graduate to small enterprises. Major achievements made by the programme in relation of objective of the ninth plan (MEDEP, 2001).

Programme goal and objective

The main goal of the programme is to improve the socio-economic status of low-income families of Nepal.

The objective of the programme is to diversify the livelihoods and increase the income by 50 percent of about 20000 low-income families through micro-enterprise development and promotion.

Expected Outputs

- Low income families' acquire the skills necessary to develop and sustain micro-enterprises.
- Low-income families able to secure financing to develop expand and sustain micro-enterprises.

- Micro-entrepreneurs have continued access to business development services.
- Improve policy and regulatory framework for micro and small enterprises in Nepal.

Programme Strategy

- The programme is demand driven
- Emphasis is given to local and central collaborative partnerships to promote enterprise development.
- The programme gives priority to local capacity building and resource utilization.
- Facilities in market expansion and diversification for micro-enterprises.
- The programme emphasizes on achieving 70% women participation.
- Environment and ecological concerns are addressed while promoting micro-enterprises among the poor.
- The programme helps in the institutional development of micro-entrepreneurs and business development service providers.

Target Beneficiaries

- Low income families with income of less than NRs. 6400 (according to the 2003 market price)
- Women
- Unemployment youth
- People from socially excluded and hardcore poor communities.

In addition to the 6690 micro-entrepreneurs falling under the above target group supported by the programme in the first phase, the programme will help create income and opportunities for 13150 families during the second phase of its implementation. The total target is to develop 19840 micro-entrepreneurs at the end of second phase.

Some of the major challenges of Nepal are unemployment, underemployment and low level of income especially in rural areas. To address this issues of employment and income generation, the government clearly outlined in its Ninth five year plan that the development of micro-enterprises should be given priority as a means to reduce poverty in the country.

In spite of the government efforts of alleviate poverty through the implementation of various programmes in different plans periods, the targets of reducing poverty could not be achieved. Recent experiences reveal that different agencies have been experimenting with different models for sustained income generation through the development of micro-enterprises. And in line with the government's commitment and the need to experiment with a model that works effectively, which can address income needs of the poor. The Ministry of Industry Commerce and Supplies (MOICS) have been implementing the micro-enterprises Development Programme in ten districts since 1998 to develop a total to 6000 micro-entrepreneurs.

The approach MEDEP has taken for enterprise development among the poor's indeed innovative as the entry point has been entrepreneurship development with strong focus on market linkages and is very contrary to past programmes which have either focused on micro-credit or skill development training to address income, poverty. All area of activity of the programme have been based on demand of target beneficiaries and their ability to use local resources available. The programme being demand based rather than driven by supply, it has been able to address income poverty of the poor directly and intern translate income to improve human development, indicators such improvement in health and hygiene and poor people's access to education for their children (MEDEP, 2001).

CHAPTER III

RESEARCH METHODOLOGY

This chapter deals with the procedure and technical part of the study. It consists Research design, sampling procedure, sources of Data collection, Data Collection Techniques and Tools and Methods of Analysis and Presentation of Data.

3.1 Research Design

The research study has been carried out on the basis of exploratory research design. The study was based on mainly primary data and information. The research was conducted with the help of local people on study area who are participated in MEDEP programme and established their own enterprises. The study has find out the living standard of people, income sources and explain their economic activities after this program was launched. In this regard, it was based in descriptive, exploratory and case study research.

3.2 Sources of Data Collection

The primary and secondary sources have been applied for the data collection. The primary data has been collected from study area in Nawalparasi District where MEDEP programme was launched and they established their own micro-enterprises.

The secondary data has been collected from published and unpublished documents from individuals, experts and organization related to enterprises development.

3.3 Sampling Procedure

The universe of the study has been sampled in the MEDEP implemented area Sunwal, Daunedevi and Gaidakot VDCs in Nawalparasi district. The simple random sampling and quota sampling methods were used for household survey. There are altogether 749 entrepreneurs up to the end of December 2002 and consisting 191 groups in Nawalparasi District. The enterprises have been classified into eleven

categories such as: Beekeeping, Bamboo, products, Chemical and Chemical related, food and beverage, foot wear and leather, metal and engineering other. Other services, Report services, Fiber and textile and wood and timber products. The three categories like Bamboo products; Fiber and Textile Products were sampled from these enterprises. 70 entrepreneurs households have been sampled using simple random sampling techniques in the study areas that are participated Bamboo products, Fiber and Textile Production.

3.4 Data Collection Techniques and Tools

Primary data has been collected from Nawlparasi district. To generate primary data, the Household survey, Key Informant Interviews and Observation as well as focus Group Discussion techniques have been applied. For the collection of primary data, structure questionnaire, topic guideline, work schedule, checklist tools were applied.

3.4.1 Data Collection Techniques

3.4.1.1 Household Survey

Structured questionnaire and semi-structured questionnaire were prepared to generate the realistic and accurate data from household's survey of the study area. Information was gathered by having discussion with the people in Nawalparasi District who are participated micro-enterprises development programme.

The questionnaire is focused on the objective of the study and the primary data is collected from the MEDEP programme launched area households who are participated in bamboo products, Fiber and textile production. The primary data is also collected using the semi or unstructured interview method. The interview is taken as cross checking for data obtained from questionnaire.

3.4.1.2 Key Informants Interview

The key information interview method was used to collected additional informants about the impact of MEDEP on poverty alleviation. The interview was taken as cross checking for data obtained from

questionnaire. Other key related issues were asked on the impact of micro-enterprises on education, health, income, debt, food, clothing, saving, consumption pattern and other financial activities by interview.

3.4.1.3 Field Visit and Observation

Each household selected in sampling was visited and micro-enterprises were observed directly. The data was recorded while observing the household who are participated these program activities.

3.4.1.4 Focus Group Discussion

The focus group discussion was held in each enterprise in MEDEP programme launched areas market center with the active participant of the entrepreneurs who were participated Bamboo products, fiber and Textile Production. This discussion has focused on the impact of enterprises on their living standard and their technical and social problem.

3.4.2 Data Collection Tools

3.4.2.1 Questionnaire

For the collection of primary data, structured and semi-structured questionnaire schedule was prepared. The questionnaire schedule was related to the objective of the study.

3.4.2.2 Checklist

Checklist was prepared for the collection of primary data that has been used for key informant interview and group discussion.

3.4.2.3 Work Schedule/Topic Guideline

For the collection of data and preparing of report, work schedule and topic guideline were used. Primary and secondary data were collected on the base on work schedule.

3.5 Methods of Analysis and Presentation of Data

The help of computer programme has been taken and the data output is tabulated and presented in table, graphical format and pie chart. Simple statistical tools has been used for data analysis. For the analysis of data essential computer program was used and qualitative data were analyzed in systematic textual form and descriptive methods were used for quantitative data.

CHAPTER IV

FINDINGS OF THE STUDY

4.1 Introduction of the Study Area

Nawalparasi District is situated in the Lumbini zone of the Western Development Region of Nepal. The majority area of the district lies in the plain. The total population of Nawalparasi district is 562870 with total households 98340. The population density of the district is 260 per sq. km. and literacy rate is 46.9 percent (CBS, 2001). The peoples primary occupation is agriculture and other micro-enterprises.

The district of Nawalparasi lies in the Western Terai in ecological zone. The district has fertile Terai belt with Siwaliks in the north. The ethnic group in Nawalparasi district is mixed between the hill Inner Terai, and Terai caste. Nawalparasi district is characterized by socio-cultural heterogeneity between hills Inner Terai and Terai castes. The settlements in the district are highly scattered and smaller in size. The economic condition of Nawalparasi district is characterized by socio-cultural heterogeneity between Siwalik Hills. Inner Terai and Terai felts. The economic condition of the district has dictated by its long open border with India. Easy access to Indian industrial products severely hampers industrial development in Nawalparasi District. Indian consumer goods has dominated the Parasi markets and Indian products are most readily accessible. Therefore, there is a bog competition for local micro-enterprise development with the Indian Products. However, the socio-economic condition and the location advantages of the district provide profitable opportunities for micro-enterprise development based on the local raw materials such as sugarcane, mustard, bee-keeping, sericulture, vegetables, fruits, pulses spices, timber, bamboo, stones, etc. The Nawalparasi products are easily readily sold of Narayanghat, Butwal, Bhairahawa, Pokhara, Kathmandu markets and other mountain area markets. The village economy how ever still relies on the local artisans and handicrafts for most of the local needs. And agriculture still forms

the main economic activities and sources of employment and income in most rural areas in the district.

The Micro-Enterprise Development Programme (MEDP) was launched in Nawalparasi District in November 1998. As party of MEDEP's overall objective, the district targeted to promote at least six hundred entrepreneurs from twelve programme centers (PCs) in two phases by the year 2003. The programme covers twenty-seven Village Development Committee VDCs in forty programme Location (PL_s) across the district. The program targets to promote and support six-hundred entrepreneurs from the 3482 household surveyed so far. However, with the success and popularity of the programme in the district the number was revised at seven hundred forty nine of (749) until the phasing out of the programme in mid 2003. With the strong commitment of the programmes field staff as well as close partnership and support from of the districts IPOs. The successful entrepreneurs were establishing five hundred and fifty one (551) up to the end of December 2001. Comparising the household income of the beneficiaries and income generated from their enterprises, it clearly demonstrates that the programme has been effective in improving the social and economic status of the targeted participants.

Table 1: Categories of Enterprises and the Number of Entrepreneurs in Nawalparasi District

Enterprises Catogory	2001		2002	
	No. of Respondents	Percentage	No. of Respondents	Percentage
Beekeeping	58	10.53	67	8.94
Bamboo Products	71	12.88	73	9.74
Tika Chemical and chemical related	61	11.07	73	9.74
Food and beverage	149	27.07	156	20.82
Foot wear and leather	4	1.5	4	0.53
Metal and engineering	19	3.44	19	2.53
Repaire services	8	1.45	8	1.06
Fiber and textile	93	16.87	107	14.28
Wood and timber products	50	9.07	50	6.67
Other services	8	1.45	154	20.56
Other	30	5.44	30	4.15
Total	551	100	749	100

Source : MEDEP, 2002

After the implement of the second phase of programmed in 2001 to 2003. The programme has successfully developed 749 micro-entrepreneurs including 417 women micro-entrepreneurs. The woman micro entrepreneurs are providing employment opportunity to 498 males and 684 females. There are altogether 191 groups with 991 members. The total savings of this group is Rs. 6,39,614.

The Programme has been working successfully to raise the economic condition of the grassroots level people. The programme is being implemented through 12 market centers i.e. Arunkhola, Ashnaiya, Bardaghat, Deurali, Dumkibas, Gaidokot, Gopiganj, Kawasoti, Parasi, Rajhar, Sunwal and Tribeni. By the end of 2002, there were 749 micro-entrepreneurs who were involved with different enterprises. Which are presented in table 2 and the location map of the MEDEP supported district and the map of MEDAP focused area in Nawalparasi district is presented in figure 2 and 3.

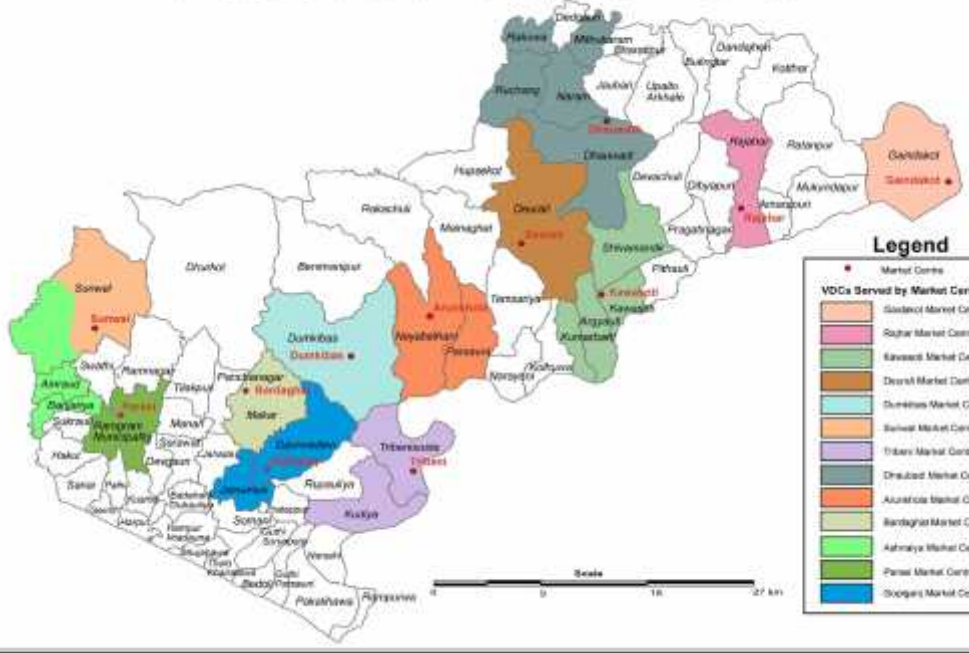
Table 2: Development of Micro-entrepreneurs in Nawalparasi District

Nawalparasi Market Centre	No. Of entrepreneurs			No of employed including self			No of Groups			No of Groups Members			Total saving in NRS
	M	F	T	M	F	T	M	F	T	M	F	T	
Arunkhola	33	52	85	57	165	222	9	12	21	42	65	107	87,575
Ashnaiya	34	20	54	44	31	75	9	8	17	42	43	85	46,895
Bardaghat	20	41	61	27	55	82	6	8	14	22	39	71	22,375
Deurali	25	28	53	31	26	57	6	8	14	34	36	70	32,040
Dumkibas	38	12	50	39	14	53	11	3	14	48	23	71	35,816
Gaidakot	39	45	84	64	66	130	11	6	17	41	54	95	82,730
Gopiganj	27	58	85	58	100	158	5	13	18	29	72	101	69,542
Kawasoti	16	21	37	17	22	39	7	11	18	33	61	94	37,160
Parasi	17	22	39	27	29	56	3	5	8	18	22	40	16,690
Rajhar	18	46	64	33	65	98	4	14	18	28	64	92	79,454
Sunwal	24	33	57	42	47	89	7	7	14	25	46	71	70,645
Tribeni	41	39	80	59	64	123	9	9	18	44	50	94	58,692
Total	332	417	749	498	684	1182	87	104	191	406	585	991	639,614

Source: MEDEP 2002

Figure 1

Market Centres of Nawalparasi District



Legend

- Market Centre
- Gaidol Market Centre
- Ropar Market Centre
- Kawsari Market Centre
- Deraul Market Centre
- Durebas Market Centre
- Sarsai Market Centre
- Tribeni Market Centre
- Deraul Market Centre
- Anarhola Market Centre
- Bardighat Market Centre
- Aharaya Market Centre
- Parasi Market Centre
- Bodegari Market Centre



Micro-enterprises Development Programme has developed and implemented the Micro-Enterprises Creation and Development (MECD) training package. This MECD programme used by the programme includes two components namely Micro-enterprises Creation (MEC) and Micro-enterprise Assistance (MEA) Programme. The MEC training aims at empowering and motivating potential entrepreneurs who are selected after testing their entrepreneurial characters based on the information of base line survey in starting new venture. Where as Micro-enterprise Assistance Programme is aimed at assisting existing entrepreneurs as per their needs to successfully run their enterprises? Since sustainable micro enterprise development has been the major theme of the programme, it has played a coordinating role in providing skill training, introducing new rural technologies, micro-entrepreneurs making as well as establishing horizontal linkages with concerned implementing partner organization (IPOs).

4.2 Description of the Sample Enterprises in Study Area

The main path of this programme is poverty alleviation through increase employment opportunities to provide skillful training and credit to sustain micro enterprises. In Nawalparasi District, there were classified eleven categories of enterprises, which are presented in table 1, and the sample enterprises included in the study area are presented in Table 3. This study has used only the sample enterprises for analysis. The 27.27 percent or three categories of enterprises were sampled with using random sampling method. There were 70 Entrepreneurs in sample. Out of this, there were 55.71 entrepreneurs of related to Bamboo products, 25.7 percent were Bag weaving and 18.57% were related to fiber textile. Such types of entrepreneurs collected from different places such as Daunnedevi, Sunwal and Gaidakot VDC in Nawalparasi Districts. Details about sample area presented in table 3.

Table 3: Sample Enterprises and Entrepreneurs with Sex in Different VDCs of Nawalparasi

Sample Enterprises	Daunnedevi VDC ward No. 2,5,7		Sunwal VDC ward No. 1,2,3,4		Gaidakot VDC ward No. 2		Total	Percent
	M	Fem	M	Fem	M	Fem		
Fiber textile	2	11	-	-	-	-	13	18.57
Bag weaving	-	-	0	18	-	-	18	25.7
Bamboo Products	10	10	-	-	9	10	39	55.71
Total	12	21	0	18	9	10	70	100

Source: Field Survey, 2006

4.3 Structure of the Enterprises in Study Area

In study Area, out of total enterprises, there is found 30 percent old enterprises continue their enterprises but 70 percent are established totally new enterprises after operation of the micro-enterprises. The structure of the sample enterprises in study area is presented table 4 with sex description.

Table 4: Structure of the Enterprises with Sex Description

	Male	Percent	Female	Percent	Total	Percent
New	10	14.28	39	55.71	49	70
Old	11	15.71	10	14.28	21	30
Total	21	29.99	49	69.99	70	100

Source: Field survey 2006

The table 4 shows that maximum enterprises are newly opened and other enterprises are continuing their old enterprises to use new technology. There were 69.99 percent enterprises operated by female as compared with 29.99 percent. It shows that female participation is high than male and it will help women empower in economic level and this shows that women have the ability to organize into groups by applying participatory approach to make empower.

4.4 Social Status of the Entrepreneurs

4.4.1 Entrepreneurs by Age

Age can play a significant role in the context of enterprises development and poverty alleviation. In the context of Nepal, maximum youth age group people are unemployed and they have no job and any proper income. But, In study area, respondents were mainly from the age group 30 to 40 closely followed by group of 20 to 30. It shows that MEDEP Program was focused on women and youth people.

Table 5: Distribution of Entrepreneurs by Age and Sex

Age group	Male	Percent	Female	Percent	Total	Percent
10-20	-	-	2	2.85	2	2.85
20-30	4	5.71	17	24.28	21	30.00
30-40	5	7.14	18	27.71	23	32.85
40-50	4	5.71	9	12.85	13	18.57
50-60	4	5.71	1	1.42	5	7.14
60-70	2	2.85	1	1.42	3	4.28
above 70	2	2.85	1	1.42	3	4.28
Total	21	30	49	70	70	100

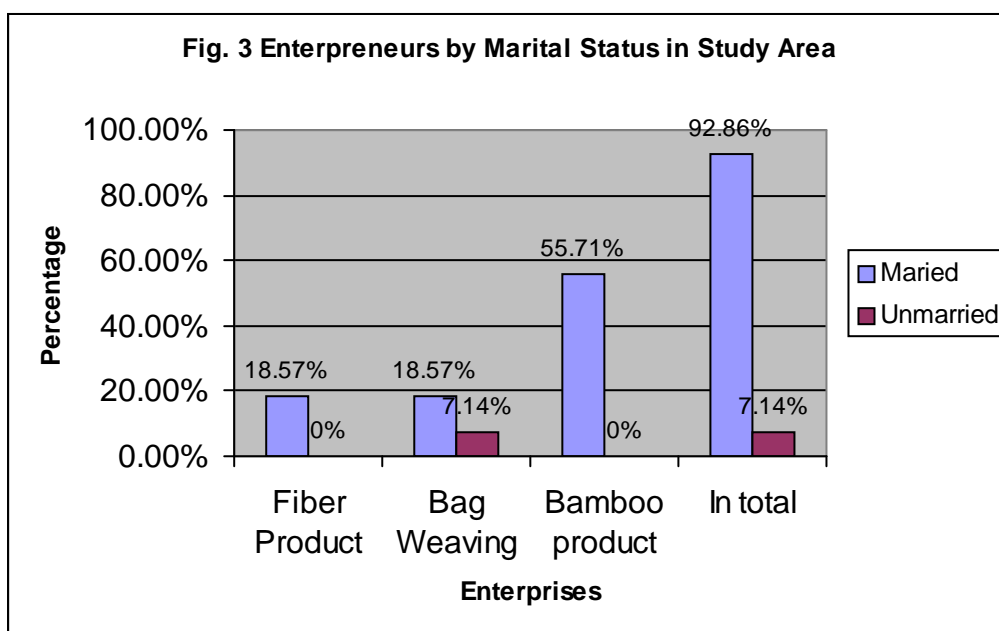
Source: Field Survey 2006

By the observation of above table, out of 70 respondents, where as, the maximum 70% entrepreneurs group is 20 to 50 years where maximum 32.85 percent entrepreneurs are 30 to 40 age group. In that group, 27.71 percent are women operated enterprises and men operated only 7.14 percent. It indicates that women take up some enterprise to early age than men.

4.4.2 Marital Status of the Entrepreneurs

The marital status of the respondents were divided in the two category of enterprises maximum 65 respondents are found married with compare 5 unmarried respondents. The figure 3 shows that only 7.14

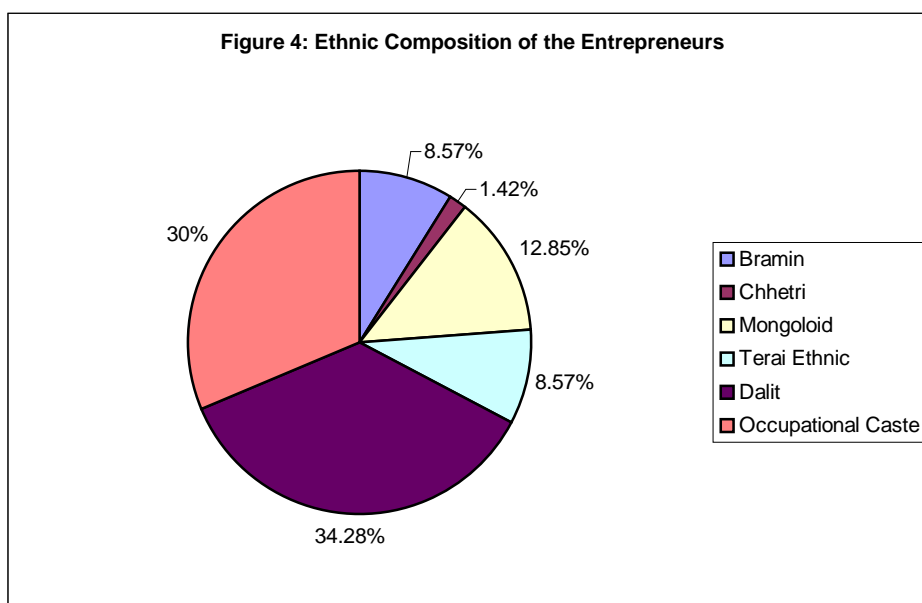
percent entrepreneurs are unmarried to operate Bag weaving enterprises. The details marital status of respondents presented in figure 3.



Source: Field Survey 2006.

4.4.3 Ethnic composition of Micro-entrepreneurs

Ethnic groups play an important role while determining the standard of living especially in rural Nepal. It may be very important to see the relationship between ethnic group and poverty in the study area. Most of the study sites belong to the Brahmin, Chhetri, Mangoloid, Terai Ethnic, Dalit and Occupational Caste. Among them, 34.28 percent are Dalits. It is clearly indicated that a significant number of Dalits are involved in activities in enterprises and MEDEP focuses on such a group who are backward in the society. The figure 4 shows that 30 percent occupational caste are involved in enterprises. The Brahmins and Chhetries are less participated in such type of enterprises than other backward caste. The ethnic composition of Respondents is presented in figure 4.



Source: Field Survey, 2006

Note: Here, Tamang, Bhujel and Dhimal is called occupational caste and B.K., Pariyar, Nepali, Sunar Bamsi, Lama and Shahi are called Dalit.

4.4.4 Entrepreneurs by Education

Distribution of Entrepreneurs by sex and Education shows that education is not a limiting factor for taking up any micro-enterprise. There are 24.29 percent illiterate and 45.71 percent just literate entrepreneurs taking up enterprises in sample. But Education plays an important role in the overall social as well as economic upliftment and betterment of life.

Table 6: Distribution of Entrepreneurs by Sex and Education

Educational level	Male	Percent	Female	Percent	Total	percent
Illiterate	5	7.14	12	17.14	17	24.29
Just Literate	8	11.42	24	34.28	32	45.71
Pre Primary (up to 5)	3	4.28	8	11.42	11	15.71
Lower Secondary (up to 7)	2	2.85	2	2.85	4	5.70
Secondary (up to 10)	2	2.85	3	4.28	5	7.14
SLC	-	-	-	-	-	-
Certificate level or above	1	1.42	-	-	-	1.42
Total	21	29.96	49	69.04	70	100

Source: Field Survey, 2006

For the simplicity of study, education level has been categorized into seven groups. Illiterate means for those who cannot read and write and Just literate means who can only read and write. According to table 7, most of the respondents are just literate. There are 7.14 percent male and 17.14 percent female are illiterate in the study area. Though educational level of women entrepreneurs is lower than men, among them only 1.42 percent has been found above certificate level. Actually, improvement of enterprises is not effected by education but skill development is essential to improve enterprises quality and quantity.

4.4.5 Schooling System of different Age group of Children

Education is main tool for poverty alleviation Poverty is measured by also looking the status of education and schooling system of children. In study area, the sample household's children's are attending school but maximum are left school after pre-primary level. Table 7 is presented the schooling system of children in study area. The children are divided into two age groups. The number of boys and girls are also divided. In total 52.85 percent boys and 45.71 percent girls were attending school. But 33 Respondents have no children. Table 7 presented the schooling system of children with different age groups.

Table 7: Distribution of Respondents by their Children Schooling System in Different Age Group

School going	Boys	Percent	Girls	Percent
6 to 12 age groups No. of children				
1-2	29	41.42	19	27.14
3-4	1	1.42	4	5.71
13 to 17 age groups No of children				
1-2	7	10	9	12.85
3-4	-	-	-	-
Total	37	52.85	32	45.71
No children	33	47.14	-	-

Source: Field survey, 2006

Finally, the nature of poverty is also influenced by the literacy status There is found to be positive relationship between literacy status and income level of the households. The main cause is that "education

and skill" go together Lack of education usually means limited skills. Limited skill means limited employment opportunities.

In overview of Nepal, Most of the people are illiterate due to their low income and most of the people are poor due to illiteracy. There is an interrelationship between illiteracy and poverty. Thus, if people are educated, their income level is generally higher than that of just literate and illiterate.

4.4.6 Family Size of Entrepreneurs Households

The income level or the living standard is directly affected by the family size. Family size is one of the determining factors of income level and it is also a cause of poverty. In the study area people are poor, because they have too many children and greater family size in comparison to the non-poor families. As a result, if all the family members are skilled and employed there is positive relationship but if family members are unemployed and unskilled there is negative relationship as well as there is high dependency ratio between family size and unemployment. It is proved that income level or living standard is directly affected. For the Micro- enterprises, maximum family members were participated their own enterprises and earn much more money but they can't save money. In study areas sample entrepreneurs households family size is presented in table 8. Family size of the entrepreneurs decided their living status and poverty level.

Table 8: Distribution of Respondents by their Family Size and Number of Male and Female

Family size	In total	
	No of Respondents	Percent
1 and 2	1	1.42
3 and 4	29	41.42
5 and 6	25	35.71
7 and 8	13	18.57
Above 9	2	2.85
No member in family	-	-
Total	70	100

Source: Field Survey 2006

The above table shows that out of 70 Respondents, maximum 41.42 percent of the Entrepreneurs have found 3 and 4 family member ratio and than 35.71 has found 5 and 6 ratio.

4.4.7 Toilet Structure of the Respondents Households

Most of the village people are conscious of the toilet but minority people have no toilet, they use forest for toilet. Among the total respondents, only 75.71 percent have toilet, they are used whole and cemented toilet attached or detached in their house. Here 50 percent have traditional/temporary whole toilet but 24.28 percent HHs having no toilet and they are not aware about the toilet and its impact on their health. Only 25.71 percent respondents have cemented toilet and they are conscious about their health.

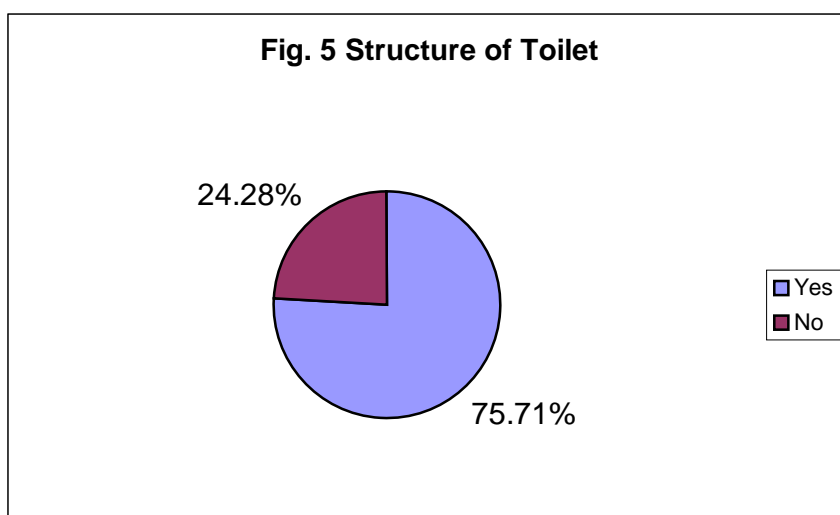


Table 9: Toilet Structure in Households

Descriptions	Respondents Number	Parentage
Whole/traditional	35	50
Cemented/Modern	18	25.71
Forest	17	24.28
Total	70	100

Source: Field survey 2006

4.4.8 Access to Drinking Water

Most of the people are not benefited by the pure drinking water in study area. The people are depends on Tubewell water and minorities are benefited by the pipe line water. The table 10 shows that the structure of drinking water system in entrepreneur's households.

Table 10: Distribution of Respondents by Drinking Water System

Type of Drinking Water	Number of Respondents	Percent
Pipe line Water	15	21.42
Tubewell	55	78.57
Others	-	-
Total	70	100

Source: Field survey 2006

4.5 Economic Status of Entrepreneurs in Enterprises

4.5.1 Employment Structure of the Enterprises

Income and employment has direct or positive relationship and inverse relationship between poverty and employment. If population of a country is fully employed, the extent of poverty is low due to their earning on the other hand, if the people are unemployed their income is low and their appears high degree of poverty one of the strong objectives of developing micro-enterprises is to create opportunity of employment. Since poverty is in rural area and rural economy is based on agriculture, there are both unemployment and underemployment problems to be addressed by the programme. In study areas employment structure is presented below the table 11.

Table 11: Structure of Employment in Study Area

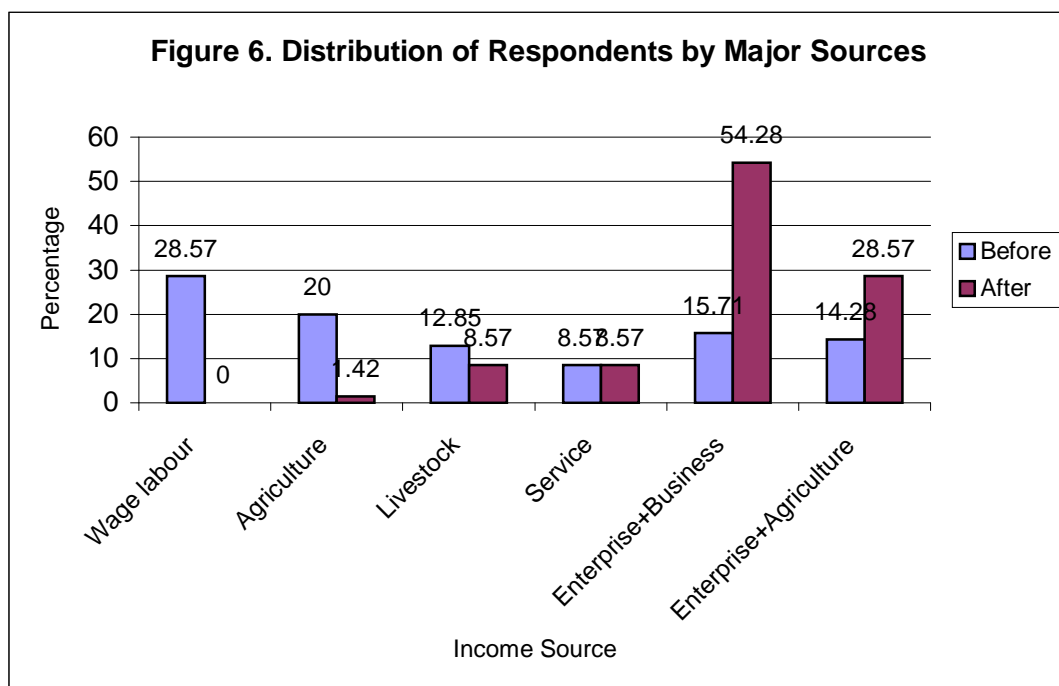
No. of Employer	From family	Percent	Out of family others	Percent	Total	Total Employer
0	-	-	3	4.28	3	6
1	26	37.14	1	1.42	27	27
2	28	40	5	7.14	33	66
3	5	7.14	2	2.85	7	21
4	8	11.42	2	2.85	10	40
5	-	-	2	2.85	2	10
6	-	-	-	2.85	-	-
7	-	-	3	4.28	3	21
8	-	-	-	-	-	-
9	-	-	-	-	-	-
10 above	-	-	3	4.28	3	35
Total	67	95.71	21	30	88	226
Average employer number						3 person per enterprises

Source: Field survey 2006

The above table shows that there is high level of employment in study area. Out of total sampled household there are found 226 employers own their enterprises. The employment pattern is divided in two categories, one is from family and other is out of family. Maximum 67 of micro-enterprises run by family members own-self and only 21 enterprises has found employed out of family member own their enterprises. The sample study shows that 40 percent enterprises are found 2 Number of person's employer and 37.14 percent enterprises has only one employer entrepreneurs and ownself run his/her enterprises. There are found 3 enterprises to employ above 10 persons from family and out of family. The average employment structure is found 3 people per enterprises in sample micro-enterprises.

4.5.2 Major Income Source of the Respondents Households

Agriculture is the main source of income in rural areas of Nepal but in study area, non-agricultural sector such as labor, service. Business and enterprise also contribute in total income. After operation of micro-enterprises, their enterprises products are major income source of the family. Figure 6 is presented the major income sources of the respondents in study area.



Source: Field Survey 2006

Figure 6 Shows that level of income source is changed after operation of micro-enterprises. Before operation of micro-enterprises, 28.57 percent entrepreneurs income sources is wage labour but only 15.71 percent entrepreneurs income sources is enterprises and other 14.28 percent entrepreneurs income sources is agriculture and enterprises. After operation of micro-enterprises, among the total respondents 54.28 percent entrepreneurs said that major sources of income to be enterprises and business but 28.57 percent said the major source of income is enterprise and agriculture. It is proved that maximum respondents income source is enterprises and totally they are depended on enterprise income. So that which is their main occupation. livestock is the other source of income in study area. The total income of livestock is only 8.57 percent. Livestock are mainly kept for business, meat, milk, etc. Many people are illiterate but some are however holding jobs. Educated people have job in private and government office but some educated people have no job. Here, service based income is only 8.57 percent of the total.

4.5.3 Family Status of the Respondents Households

Poverty is multi-dimensional nature and it is multi-sector concern. People have been caught in the vicious circle of poverty due to the prevalent socio-cultural institution. The nature of poverty problem is determined by the family status and socio-cultural structure of the village. There are several views to study the nature of poverty but the conclusion is the sample, poverty arises due to the small land holding, large family size, illiteracy, low income, unemployment, socio-economic composition and modern technology. There is interrelation between poverty and family status in study area.

Table 12: Distribution of Respondents by Family Status

Family Status	Before operation of micro-enterprises		After operation of micro-enterprises	
	No. of Respondents	Percent	No. of Respondents	percent
High	-	-	-	-
Comparatively High	-	-	3	4.28
Medium	15	21.42	42	60
Comparatively Low	33	47.14	21	30
Low	22	31.42	4	5.71
Total	70	100	70	100

Source: Field survey 2006

The above table 12 represent that family status of the enterprises before and after operation of micro-enterprises. According to respondents views, there is found comparatively high family status after operation of micro-enterprises than before operation of micro-enterprises. There 60 percent entrepreneurs household status is medium than 21.42 percent. Before the programme, there is found 31.42 percent entrepreneurs in low status and 47.14 percent are comparatively low level of family status. But, after operation of micro-enterprises, it is decreased 5.71 percent and 30 percent comparatively low status of the family in study area.

4.5.4 Monthly Income Level of the Entrepreneurs from Enterprises

The nature of poverty is highly affected by the income level of households. In study area, impact of the micro-enterprises, the people income level is increased and they are totally depended on enterprises. Out of sample household in Nawalparasi District, it is found positive impact of the programme in income level. The detail monthly income level is presented below in table 13.

Table 13: Distribution of Entrepreneurs by Income Group

Income group	Entrepreneurs		Income (Rs) Per month		
	Number	Percent	min.	max.	mean.
0-2000	11	15.71	1200	1600	1400
2000-4000	29	41.42	2000	3500	2471
4000-6000	10	14.28	4000	5000	4550
6000-8000	11	15.71	6000	7000	6209
8000-10000	4	5.71	8000	9000	8250
10,000-12,000	1	1.42	10,000	10,000	10,000
above 12000	4	5.71	15,000	30,000	23.750
Total	70	100	1200	30,000	4841

Source: Field survey 2006

The above table 13 shows that there is heterogeneity in the income among the entrepreneurs. The entrepreneurs income groups are classified in seven categories beginning Rs 0 to Rs 2000 to above Rs 12,000 with

an interval of Rs 2000 (Table 13). With this classification, each income group people become more homogenous than before. The average income of the entrepreneurs in the sample is Rs. 4841. But, maximum 41.42 percent respondents income groups is Rs. 2000 to Rs. 4000 and its average mean is Rs. 2471. It is proved that MEDEP was covered wide range of people below the poverty line. Homogenous income group entrepreneurs can table of similar type of enterprise and thus the enterprises development training and other services. The table shows that their minimum income level is Rs. 1200 and maximum income level is 30,000 in study area.

4.5.5 Consumption Pattern of the Entrepreneurs HHs

Consumption level is also determined the poverty level of the people. It is key indicator for poverty measurement. In the study, the entrepreneurs are divided in 9 groups in six categories. The table 14 is presented the consumption pattern of the entrepreneurs in study area.

Table 14: Distribution of Respondents by Consumption Pattern of Households in Different Groups and Category

Amount spend on (monthly)	foods		Clothing		Education		Health		festivals		Other	
	No. of Respondents	%	No. of Respondents	%	No. of Respondents	%	No. of Respondents	%	No. of Respondents	%	No. of Respondents	%
0-1000	2	2.85	9	12.85	7	10	21	30	8	11.42	3	
1000-2000	7	10	10	14.28	15	21.42	14	20	14	20	7	9.28
2000-3000	10	14.28	7	10	11	15.71	12	17.14	15	21.42	21	10
3000-4000	19	27.14	12	17.14	14	20	11	15.71	12	17.14	23	30
4000-5000	6	8.57	6	8.57	8	11.42	4	5.71	12	17.14	9	32.85
5000-6000	7	10	15	21.42	2	2.85	-	-	9	12.85	3	12.85
6000-7000	3	4.28	5	7.14	4	5.71	5	7.14	-	-	2	4.28
7000-8000	5	7.14	3	4.28	2	2.85	3	4.28	-	-	2	2.85
8000-9000	6	8.57	3	4.28	2	2.85	-	-	-	-	-	
above 9000	5	7.14	-	-	5	7.14	-	-	-	-	-	
Total	70	100	70	100	70	100	70		70	100	70	100

Source: Field survey 2006

Consumption is the most important variable of economic system. When income increases consumption also increases and vice-versa indicating positive relationship between income and consumption.

The above table 14 shows that consumption pattern is classified in ten groups beginning Rs.1000 to above Rs.9000 with an interval of Rs.1000. The table shows that entrepreneurs annual consumption pattern is present in different categories. It shows that 27.14 percent entrepreneurs are spent Rs.3000 to 4000 ratio on foods, likewise 21.41 percent are spent Rs.5000 to 6000 on clothing 21.42 percent are spent Rs.2000 to 3000 on festivals and maximum number of 21.42 percent are spent Rs.1000 to 2000 on education. It represents low level of education in study area. From the above tables, maximum size of income spent on food and festivals; only minimum size of income is spent on non-food items likewise education, health, festivals and others.

4.5.6 Land Holding Size of the Respondents

The nature of poverty is highly affected by the size of landholding. It is most important economic asset and a major source of employment and income. The rural economy in Nepal still remains in the primary stage of development. Regarding this fact agriculture is the most important economic activity and the land plays, critical role in determining one's economics status. But, for enterprises development, land has not effected directly in economic status, creation of employment in enterprises and increase productivity is directly affected in economic status. When economic status is high, people can more invest in land so agriculture production also increases after that it is obvious poverty level decreased. Therefore, the size of landholding and the poverty are co-related. There is always positive relationship between size of the landholding and the income level. The following table 15 shows that the size of land holding in study area.

Table 15: Distribution of Respondents by Size of landholding

Land size	Agriculture Land holding Number of Respondents	Percent	Land For House Holding Number of Respondents	Percent
Landless	25	35.71	38	54.28
Less than 1 Kattha	1	1.42	15	21.42
1 to 2 kattha	7	10	10	14.28
2 to 4 kattha	2	2.85	5	7.14
4 to 6 kattha	6	8.57	1	1.42
6 to 8 kattha	1	1.42	-	-
8 to 10 kattha	2	2.85	1	1.42
above 10 kattha	16	22.85	-	-
1 to 2 Bighas	5	7.14	-	-
above 2 Bighas	2	2.85	-	-
Total	70	100	70	100

Source: Field survey 2006

From the observation of the Table 15, it shows that, 35.71 percent of the respondent's households have no land for agriculture and 54.28 percent respondents have no land for house. It is proved that they were totally depending on enterprises and other business. They have no access of land for agriculture so the enterprises plays crucial role to their life. Out of total sampled households maximum 22.85 percent have only 10 Katthas land. To compare their family size, it is very little size of land, 21.42 percent have less than one katthas land for house and they have no other agricultural land. It is cleared that they are below the poverty line. Only minimum 10 percent have above bighas land and their income level is also show high.

4.5.7 Ownership Pattern of Enterprises

After operation of micro enterprises, there were 749 entrepreneurs in total until phasing out of the programme in mid 2003. Table 3 shows that 70 percent enterprises are newly operated after MEDEP programme. But 30 percent enterprises are continuing their old enterprises because it

is their family occupation. The following table is presented the ownership pattern of enterprises in study area.

Table 16: Distributions of Respondents by Ownership Pattern of Enterprises

Ownership Pattern	Respondents No	Percentage
Own self	63	90
Family	7	10
Total	70	100

Source: Field survey 2006

The above table 16 shows that 90 percent respondents have their own enterprises but only 10 percent run their enterprises by family.

4.5.8 Saving Pattern of Entrepreneurs

MEDEP programme has provided loan for entrepreneurs to operate new enterprises and income generation for the poverty alleviation. In the field survey, the saving pattern of entrepreneurs is classified into 8 groups and distribution of entrepreneurs by their level of saving pattern from enterprises. Table 17 is presented the saving level from enterprises in study area sample households.

Table 17: Distribution of Respondents by their Saving Pattern in Study Area

Saving Pattern Rs.	Number of Respondents	Percentage (Permonth)
0-5000	32	45.71
5000-10,000	8	11.42
10,000-20,000	8	11.42
20,000-30,000	4	5.71
30,000-40,000	3	4.28
Above 40,000	5	7.14
No saving	10	14.28
Total	70	100

Source: Field survey 2006

In the study area, maximum number of entrepreneurs are saving in-group and bank and most of the entrepreneur's repayment of loan from ADB. The above table shows that 45.71 percent are saving below Rs.5000 in group but 14.28 respondents have found no saving in groups. Only 7.14 percent have above Rs.40,000 saving in total. It is cleared that entrepreneur's income level is increased and poverty is decreased slowly in study area.

4.5.10 Loan Size and Overdue Pattern of Loan in Study Area

The MEDEP has been demonstrating micro-credit support programme in study area. It was helped low-income households to operate new enterprises. In the field survey maximum number of entrepreneurs were taking loan from ADB/N with support MEDEP and loan repayment status is high. The size of loan taking by entrepreneurs and overdue pattern of loan is presented table 18.

Table 18: Distribution of Respondents by Loans Size and Overdue Pattern in Study Area

Loan size (In total) Rs.	Male				Female				In total			
	Taking loan		Overdue of loan		Taking loan		Overdue of loan		Taking loan		Overdue of loan	
	No. of responde nts	Percent	No. of respon dents	Percent	No. of respon dents	Percent	No. of responde nts	Percent	No. of respon dents	Percent	No. of responde nts	Percent
without loan	2	2.85	1	1.42	1	1.42	-	-	3	4.28	1	1.42
Rs 0- 10,000	5	7.14	2	2.85	16	22.85	1	1.42	21	30	3	4.28
10,000- 20,000	7	10	-	-	22	31.42	5	7.14	29	41.42	5	35.71
20,000- 30,000	2	2.85	-	-	7	10	1	1.42	9	12.85	-	-
30,000- 40,000	5	7.14	-	-	-	-	-	-	5	7.14	-	-
40,000- 50,000	-	-	-	-	1	1.42	1	1.42	1	1.42	1	1.42
50,000- 60,000	-	-	-	-	1	1.42	-	-	1	1.42	-	-
60,000- 70,000	-	-	-	-	-	-	-	-	-	-	-	-
above 70,000	-	-	-	-	1	1.42	1	1.42	1	1.42	1	1.42
Total	21	29.98	3	4.27	49	70	9	12.85	70	100	11	15.71

Source: Field Survey 2006.

Loan is demonstrated highly (95% table 18) in the sample study and the loan amount overdue is 15.71 percent. Only' 4.28 percent entrepreneurs run their enterprises with out loan. In the above table, loan size is catagoried in 8 groups and with sex. Maximum 78.57 percentage female taking loans for operating enterprises and only 27.14 percent male taking loan for enterprises. The level of taking loan by female is higher than male. Here, 31.42 percent female entrepreneurs taking loan Rs.10,000 to Rs.20,000 but only 1.42 percent female entrepreneurs taking loan above Rs.70,000. From the status of loan and overdue pattern of loan, it is indicated that their repayment level is high and income level is also high than before operation of micro-enterprises.

CHAPTER V

IMPACT OF MICRO ENTERPRISES IN STUDY AREA

5.1 Analyze the Impact of Micro-enterprises in Study Area

Poverty problem is one of the major problem everywhere in the third world countries but the problem everywhere in the third world countries but the problem is very serious particularly in less developed countries. Nepal is trapped in vicious circle of poverty. But it has been trying different approaches in its efforts to alleviate poverty in the country.

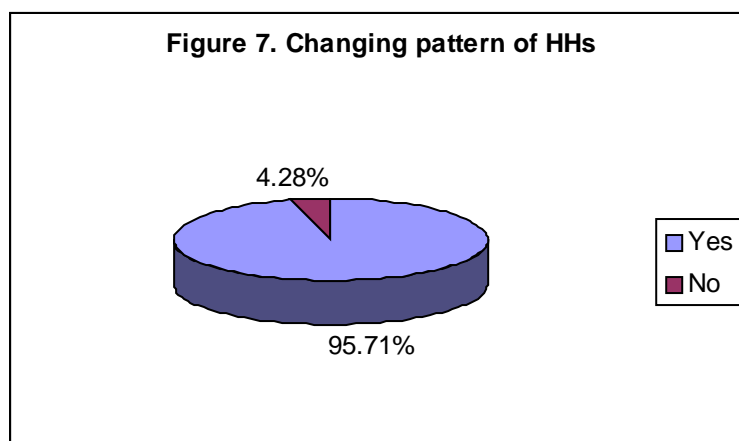
Poverty is multi-dimensional nature and it is multi-sectored concern. Therefore, the MEDEP programme was operated enterprises in different sector such as, food products and beverages, fibers, textiles and clothing, wood and timber products, paper and paper products, chemical and chemical products, non-metallic mineral products, metal and engineering products, repaired services and other services etc. The rate of micro-enterprises should be overlooked in the context of overall economy. It is a proven fact in case of Nepal that poverty in the country resulted out of widely spread under employment particularly in agriculture sector. In a situation where is gainful employment outside the agriculture is not growing. So as the productive labour has been used in non-agricultural sector such as different enterprises to generate additional income and savings. This consequences effect is the perpetual incidence of vicious circle of poverty. There are many of the micro-enterprise development related programs running in the country, which have claimed their success on account of additional income generation. But the income generation is not the only criteria to evaluate the success of the program. A part from income generation, creation of employment opportunity having both backward and forward linkages thereby generating permanent entrepreneurs who will sustain their enterprises and to generate employment in rural areas. The following changing pattern and impact is analyzed below in different category.

5.1.1 Changing Pattern of HHs after Operation of Micro-enterprises

Out of the total respondents, 95.71 percent have found changed in their households by MEDEP programme but only 4.28 percent respondents are not feel any changed. The changing pattern of sampled HHs is presented in figure 7 and table19.

Table 19: Distribution of Respondents by Changing Pattern of HHs after Operation of Micro-enterprises

Changing Pattern	Number of Respondents	Percent
In skill development	67	95.71
Education	33	47.14
Economic Situation	63	90.00
Health	3	4.28



Source: Field Survey 2006

The above figure shows that 95.71 percent of the respondents say that the micro-enterprises has make some change in skill development after MEDEP programme launched. Also 90 percent respondents saying MEDEP bring change in the economic situation in their HHs. Likewise, there is 47.14 percent of respondents who have felt change in education on their family and children and 4.28 percent respondents feels, it also brings change on their health status, It indicates that improvement of economy, education and health, is improvement of their living standard and poverty status.

5.1.2 Changing Pattern of Foods Habits

The table 20 indicates that the MEDEP has brought positive change in overall aspect of human development. This programme also helps to the people to improve their food habits. Before operation of micro-enterprises, had no regular income so they had no proper food for meal. After operation of micro-enterprises, their changing pattern of food habits is presented table 20.

Table 20: Distribution of Respondents by Changing Pattern of meal on HHs

Change in Meal	Respondents Number	Percent
Yes	14	20
No	56	80
Total	70	100

Source: Field survey 2006

The above table shows that only 20 percent entrepreneurs feel change on their food habits after operation of micro-enterprises but 80 percent have no changed their food habits. In FGD, maximum entrepreneurs say that it is caused by lack of awareness.

5.1.3 Entrepreneurs by Future Plan

The approach taken by MEDEP in the development process of micro-enterprises has certainly contributed in producing an additional number of micro-entrepreneurs capable of running more than one enterprises at a time. In study areas entrepreneurs are like to sustain their enterprises through the improvement of enterprises in industry, importing new technology to increase the production and taking more training etc. with the support of MEDEP, virtually, the enterprises have to be run by the entrepreneurs themselves to sustain it for long time. The further plans of entrepreneurs are categorized in table 21.

Table 21: Distribution of Entrepreneurs by their Future Plan of Enterprises

Future Plan of Enterprises	Number of respondents
Conducting new Industry	8
Improve it	8
Importing new technology to increase production	16
Taking more training	31
Improvement of production and marketing	21

Source: Field survey 2006

Above table shows the clear picture of entrepreneurs future plan of their enterprises. There were 31 entrepreneurs has been demanding much more training to sustain their enterprises. Like wise, 21 respondents wanted to increase production about market demand. Some entrepreneurs are like to improve enterprises taking more training and use new technology. Here 8 entrepreneurs like conducting new industry to improve their enterprises.

5.1.4 Inspired Factor to Run Enterprises

Out of total sample entrepreneurs, there 49 enterprises are new operated after operation of micro-enterprises. Therefore, maximum number of respondents says that MEDEP and its training is inspired factor to run their enterprises. Table 22 is presented the inspired factor of entrepreneurs to run enterprises.

Table 22: Distribution of Respondents by Inspired Factor of Entrepreneurs to Run Enterprises

Inspired factor	Respondents Number	Percentage
Father/Mother	8	11.42
Relatives	1	1.42
MEDEP + Training	50	71.42
Look other	4	5.71
Parents + MEDEP	7	10
Total	70	100

Source: Field survey 2006

5.1.5 Changing Pattern of Land Size

MEDEP programme was focused on pro-poor and backward family in study area. After the implementation of this programme, people brought miracle change on their life and they started saving the money from enterprises. After establishing enterprises, some entrepreneurs buy new land. The table 23 is presented changing pattern of land size in study area.

Table 23: Distribution of Respondents by Changing Pattern of Land Size after operation of micro-enterprises

	Respondents No	percent
Yes	8	11.42
No	62	88.57
Total	70	100

Source: Field survey

The above table shows that only 21.42 percent entrepreneurs landholding land and most of them are landless before operation of micro-enterprises.

5.1.6 Satisfaction Pattern of Entrepreneurs from Enterprises

Out of total sample households, 32.85 percent entrepreneurs are totally satisfied from enterprises. They are fully employed own their enterprises. They have no essential other jobs. and entrepreneurs major income source is being enterprises and they also generate employment for other person. Here 65.71 percent entrepreneurs said that they not totally satisfied but they were satisfied from enterprises to generate their income. The table 24 is presented satisfaction pattern of entrepreneurs from enterprises.

Table 24: Distribution of Respondents by Satisfaction Pattern of Entrepreneurs from Enterprises

Satisfaction pattern	Respondents Number	Percentage
More	23	32.85
No more	1	1.42
OK	46	65.71
Little	-	-
Total	70	100

Source: Field survey 2006

5.2 Technology used, Market system and Trend Analysis of Micro-Enterprises in Study Area

Nepal is general lacks of the industrial culture and skills. Add the shortage of skilled, technical and professional personnel imposes added constraints on micro-enterprises development of the rural level. Nepal is considerably lagging behind even by Asian standards in technological development as indicated by the technological expertise of the existing micro-enterprises development of the rural level.

Technology has become an increasingly important dimension of the economic growth and its role in the development of micro-enterprises has become and increasingly important issue. Remaining competitive in an era of rapid technological change and increasing global competition requires enterprises to stay current technologically. Without strengthening the technological capabilities, there is little hope of survival and development of micro-enterprises for increased income and employment generation.

The MEDEP programme has been able to develop Enterprise Development Facilitators (EDFs) to facilitate micro-entrepreneurs in their various needs including entrepreneurship training, marketing, micro-credit and usage of appropriate technology. They are being developed in such a way that they can provide business development services to micro-entrepreneurs in various specialized ways. Saving from the identification of micro-entrepreneurs to the market linkages of micro-enterprises.

The programme has also been facilitating with appropriate technology to the micro-entrepreneurs. It has been providing the modern technology in the fields of soap making, blending of wood and bamboo, disability enhancing process, double shuttle and warping drum etc. With the use of modern and appropriate technology, the micro-entrepreneurs have expanded their business considerably and have realized the importance of appropriate technology.

The enterprises are based on locally available materials. There are only few enterprises using same materials purchased from the distant markets. As MEDEP's strategy, the enterprises are found using the locally available materials and looks into the market opportunities for enterprises creation and development. Market is the foremost important element which determines the sustain of any enterprises. MEDEP being a market oriented programme, it has been doing a market-oriented programme, it has been doing regular market exchange visit intra and inter district for its entrepreneurs. The entrepreneurs have benefited by contacts with buyer, suppliers of various raw materials through this exchange. Besides it has helped them with new product ideas, product diversification ideas and exposure to new market for their products. The programme was able to establish linkages between to purchase raw materials and sell products in rural and urban markets. Most of the existing or potential micro-enterprises based on the local raw materials and local skills and experiences are the family operated micro-enterprises. And the majority of the family are involved in small farm households taking into consideration of their land resources. Thus, most of the exists or potential micro-enterprises in the rural areas are family operated and small sized.

5.2.1 Technology Used System in Enterprises

In Developing countries, Technology has become an increasing important dimension of economic growth and it has been played crucial role in the development of micro-enterprises. Without strengthening the technological capabilities and quality of the products and services of the micro-entrepreneurs, there is little hope of survival and development of micro-enterprises for increased income and employment generation. In study area, Nawalparasi District, Most of the respondents say that they

are used traditional technology but productivity is increased after using improve technology skill. The detail status of the technology used system is presented table 25.

Table 25: Distribution of Entrepreneurs by Technology used System in Study Area

Technology	Respondents No.	Percent
Traditional	51	72.85
Improve Modern	16	22.85
Traditional + Improve	3	4.28
Total	70	100

Source: Field Survey 2006

The above table shows that 72.85 percent enterprises using traditional and absolute technology. But, MEDEP helped them to build capacity and skill for increased productivity by using improved technology. It shows that there is need of these enterprises to introduce certain changes in their existing technology. According to survey, 22.85 percent enterprises are using improve technology and only 4.28 percent has been used both technology on their enterprises. In bamboo products enterprises, bamboo splitting tools and other traditional cutting tools are used and Fiber and textile products enterprises are used Automatic looms, Carding machine, double shuttle jacquard looms, Foot operated Charkho, Hand looms, Hand operated Charkha, Interlock machine, Spinning machine, Single shuttle Jacquare looms, Warping drum etc. Such kind of technology transfer in the programme districts has demonstrated positive impact in the development of micro-enterprises.

5.2.2 Marketing and Sale Process in Study Area

As marketing is an important component in micro-enterprises development, the programme has been focusing on enhancing the marketing skill of the entrepreneurs. Market oriented approach is imperative in all stages of enterprises development. The programme has also been providing support to enhance the marketing skill for the growth of the enterprises. The programme has organized intra and inters district

market exchange visits for the micro-entrepreneurs. This has helped them to generate new product ideas and get exposed to new market for their products. The MEDEP marketing process involves a suitable site selection for enterprises development looking into the marketing aspect and comparative advantages such as: natural resource potential, traditional occupational skills, already trained manpower for market penetration and competition.

In Nawalparasi district, MEDEP programme has been classified ten market centers and linkages between market centers for the integration of the production. Market centers were and important link for the product movement of micro-enterprises both in the local as well as in the neighboring market centers and urban centers. Most of the products of the micro-enterprises are either for local market sale or for local market collection. Thus, MEDEP has been established market centers to focus micro-enterprises products and marketing system in study area.

Table 26: Distribution of Entrepreneurs by Selling System in Study Area

Category	Respondents No.	Percent
Sale from enterprises	6	8.57
Self delivery in Local market	10	14.28
Through Whole Seller	16	22.85
Through wholesaler + Local market	31	44.28
With Co-operatives Organization	5	7.14
Others	2	2.85
Total	70	100

Sources: Field survey 2006

Micro-entrepreneurs sell their product through different channels. As noted earlier, Most of the entrepreneurs sell their products directly to the market. If the sample enterprises, 44.28 percent are selling their products directly to wholesaler and local markets, Where as 22.85 percent are selling through directly wholesaler. Only 14.28 percent are selling

self-delivery in local markets and 8.57 percent are selling from enterprises through customers and retailers. In study area, only 7.14 percent are selling through Co-operatives Organization in market collection.

5.2.3 Problem Facing for Sale of Products or Not

Before the programme. Maximum enterprises face multiple constraints on credit and market availability and access are seen to be the most pressing constraints faced by micro-enterprises in Nawalparasi district. But, after MEDEP program, the enterprises were link with different market center base on local raw material resources. In study area, marketing system is link in Butwal, Narayanghat, Kathmandu etc. and also link in international level. In present status of the facing problem the selling process of enterprises product is presented in table 27.

Table 27: Distribution of Entrepreneurs by Facing Problem to Sale their Enterprises Products

Enterprises	Yes		No	
	No. of Respondents	%	No. of Respondents	%
Fiber Product	1	1.42	12	17.14
Bamboo Product	5	7.14	35	50
Bag weaving	4	5.71	13	18.57
Total	10	14.28	60	85.71

Source: Field Survey 2006

The above table shows that 14.28 percent entrepreneurs are facing problem in the process of selling enterprises productions. But 85.71 percent entrepreneurs are not facing any problem of selling enterprises products. The bamboo entrepreneurs are facing market competition and selling low price problem. The bag-weaving entrepreneurs are facing market problem and raw material problem.

5.2.4 Training Status of the Entrepreneurs in Study Area

In the context of MEDEP, training is one of the components of the micro-enterprises development programme, Training is a tool that has led to improved level of knowledge, attitude and skill of a person which has brought changes in their attitudes and values. In study Area, MEDEP has provided a package of training SIYB (Start and Improve your Business) which introduced in four phases like:-

- Training to Potential Entrepreneurs (TOPE)
- Training to Starting Entrepreneurs (TOSE)
- Training to Emerging Entrepreneurs (TOEE)
- Training to Growing Entrepreneurs (TOGE)

Through this package the programme provides entrepreneurs business skill as per their real need and the level of their business situation.

In study area, out total sampled size of respondents, training status is presented table 28.

Table 28: Distribution of Entrepreneurs by Type of Training

Training Type	M	Percent	F	Percent	Total	Percent
Bag Weaving (SIYB)	-	-	18	25.71	18	25.71
Fiber weaving (SIYB)	2	2.85	11	15.71	13	18.57
Handicraft + SIYB + ENBC	1	1.42	-	-	1	1.42
Bamboo Products + SIYB	18	25.71	20	28.57	38	54.28
Total	21	29.98	49	69.99	70	100

Source: Field survey 2006

The above table shows that all of the entrepreneurs gave got training through MEDEP program in SIYB package. In the category of

enterprises, 25.71 percent entrepreneurs gave got Bag Weaving and SIYB package training, but only 1.42 percent has been participated handicraft training and maximum 54.28 percent have got SIYB package + ENBC and Bamboo products trainings. Here, out of total respondents, 18.57 percent are participated in Fiber Weaving training programme.

5.2.5 Trend of Micro-Enterprises Production in study Area

As part of MEDEP's overall objective, the district targeted to promote at least six hundred entrepreneurs from twelve programme Centres in two phases by the year 2003. The programme covers 27 Village Development Committee (VDCs) in forty-programmed location across the district. The programme targets to promote and support six hundred entrepreneurs from 3482 HHs surveyed so far. However, with the success and popularity of the programme in the district the number was revised at 749 until the phasing out of the Programme in mid 2003. The detail situation and status of enterprises are presented in table 1 and 2. Before, operation of micro-enterprises, people are depend on agriculture and wage labour out of sample enterprises, there were 30 percent entrepreneurs who run their enterprise own self because it is their family occupation. First of all, MEDEP Programme has organized different kinds of groups and provided them a package of SIYB training to run enterprises in sustainable way. Out of sample HHs, the detail trends of enterprises are presented annex 3.

The trend of these enterprises is analyzed three parts like starting period, mid-time and last time. Starting period indicates that the MEDEP programme starting time is 1998, mid time indicates that the middle period of the MEDEP programme was launched and last time indicates that the phase out period of the programme and present data collection time. The detail of the micro-enterprises are analysed in three categories like total investment in production process, Total sale per month and total income per month is presented in annex 3. The figures shows that Fiber production and Bamboo production is high and their income level is also high. Therefore, there is not doubt about the method of micro-enterprises on poverty alleviation.

Figure 8 (a) Trend of Fiber Production Enterprises

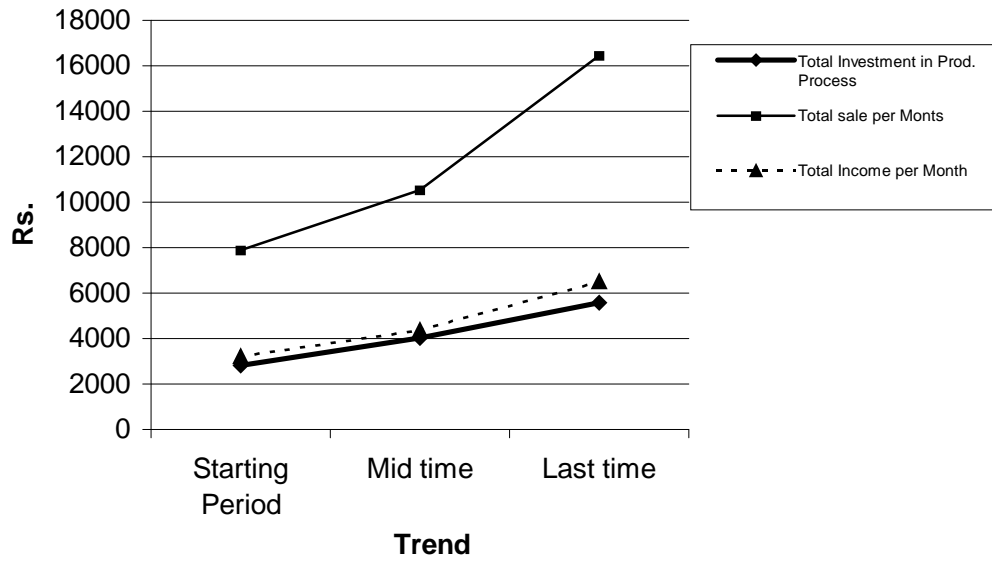
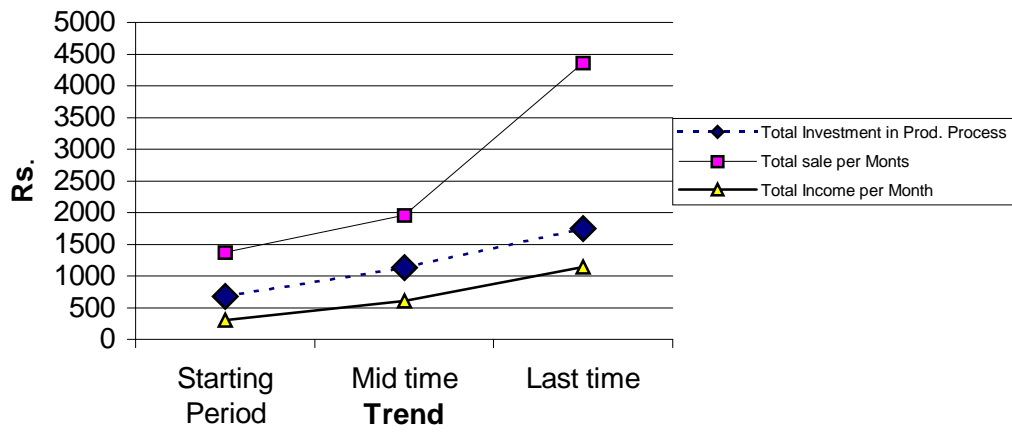
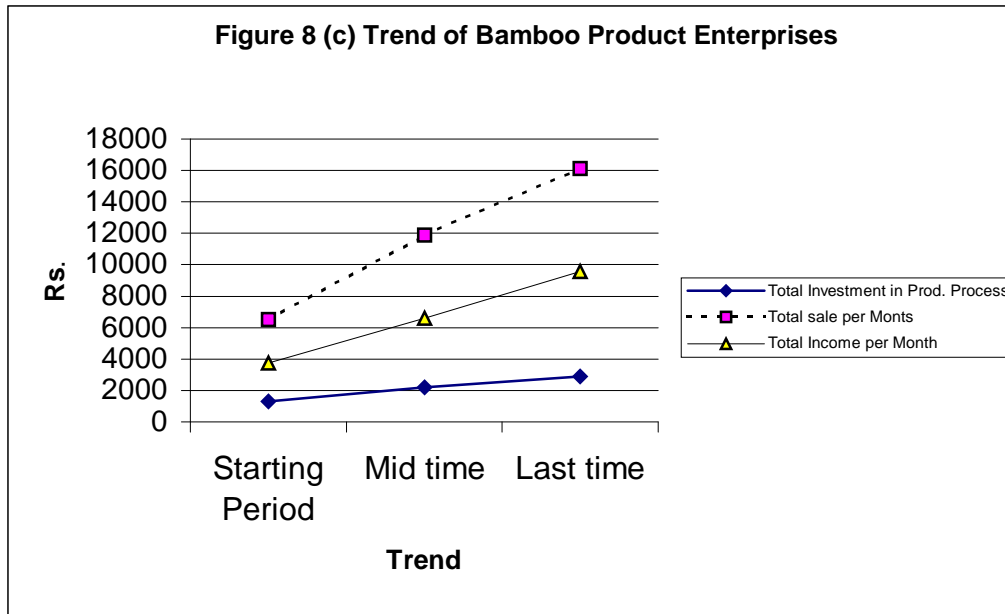


Figure 8 (b), Trend of Bag Weaving Enterprises





Source: Field Survey 2006

The above figures talk about the micro-enterprises investment, production and income ratio of the different period in sample entrepreneurs. Here, The investment ratio of Fiber Production is high than middle and starting period. Likewise, the selling process per month and total income per month in end period is so high than mid and starting period. Comparatively, Bamboo products enterprises average income per month is Rs. 9573, Fiber production enterprise average income per month is Rs. 6500 and Bag Weaving enterprises average income per month is Rs. 1142. It shows that bamboo products enterprises income level is high than fiber and bag weaving enterprise in end period. The total investment bamboo products in end period is Rs. 2908. Fiber Production enterprises average investment is Rs. 5569 and Bag Weaving enterprises average investment is Rs. 1752. Likewise, Selling process is increased last time than starting period. So finally, the trend of micro-enterprises investment level, selling level and income level is increased in the end period than mid and starting period.

5.2.6 Strengths and Weaknesses of MEDEP Programme

Government of Nepal in its national plans has given priority to poverty alleviation through the promotion of self-employment opportunities, i.e. is enterprises creation and development. With the aim

of including pro-poor and backward community in micro-enterprises. Micro-enterprises programme has established itself as a low-income community focused programme implemented with the goal of reducing poverty in rural of Nepal. It has initiated the process of providing opportunities for uplifting the economies of low-income families through employment generation in rural areas by helping them produce goods and services for local consumption.

In study Area, out of total sample HHs are impressed totally from micro-enterprises programme. After this programme, the poverty level is decreased and income level is increased. In Nepal, different kinds of poverty alleviation programmes are implemented to achieve the millennium goal or poverty alleviation. Out of total poverty alleviation programme, MEDEP is being successful in the field of poverty alleviation. But, actually every Programme has its strengths and weaknesses. Therefore, MEDEP programme has its some strengths and weaknesses, which are given below.

Strengths of the Programme:-

- The Programme is focused on low-income families and backward people.
- Provide service to clients living below the poverty line.
- The programme has been able to demonstrate that micro-credit has become a necessary service required for micro-enterprises development.
- Introduced several packages such as micro-enterprises creation (MEC), Micro-enterprises development (MED), SIYB package as the entry point of skill development that has helped the entrepreneurs not only to establish enterprise but also to develop entrepreneurship promotional working culture in the community.
- Mobilized local human resources and local/Raw material based enterprises.

- All of the entrepreneurs were bound under the district micro-enterprises Group Association (DMEGA) to mobilize them.
- All of the entrepreneurs were link in local market to define market centers.
- Develop a large pool of resource people / trainers of entrepreneurs at local level in enterprise development and.
- Good team work and Organizational effectiveness etc.
- MEDEP has helped them to generate new product ideas and get exposed to new market for their products.

Weaknesses of the Programme

- Micro-credit support is not appropriate for poor family to establish enterprises.
- Lack of introduced / used appropriate technology in the process of production.
- Actual pro-poor people are backward from this programme.
- No appropriate legal structure for micro-enterprises development.
- As enterprise products are less refined so, they have no access to market with competitions in international level.
- After phase out the programme, there was not backward and further support to sustain their enterprises.

CHAPTER VI

CONCLUSIONS AND RECOMMENDATIONS

6.1 Conclusions

This study was conducted about the impact of Micro-enterprises on poverty alleviation in Nawalparasi district. For the purpose, a random sample of 70 enterprises was selected and study was made on different aspects of social condition, as well as economic status and impact of the entrepreneur's living standard of the study area through MEDEP initiation. The MEDEP programme has been able to develop Enterprise Development Facilitators (EDFs) to facilitate micro-entrepreneurs in their various needs including entrepreneurship training, marketing, micro-credit and usage of appropriate technology.

The enterprises are based on locally available material. There are a few enterprises using same materials purchased from the distant markets. As study area, the enterprises are found using the locally available materials and look into the market opportunities for enterprise creation and development. Market is the foremost important element, which determines to sustain of any enterprises. Basically, Bamboo products entrepreneurs are used locally available raw materials.

In study area, most of the entrepreneurs were landless, poor and uneducated with lack of employment opportunities before operation of micro-enterprises. But after the operation of micro-enterprises, the people feel changed in their life and the result shows that their average mean income is 4841 per month. It shows that micro-enterprises programme is very effective in the process of poverty alleviation. Some of the major challenges of Nepal are unemployment, underemployment and low level of income especially in rural areas. To address this issues of employment and income generation, the government clearly outline in its Ninth five Year plan that the development of micro-enterprises should be given priority as a means to reduce poverty in the country. The trend indicates that above 15-20% entrepreneurs generate income from small enterprises.

The major conclusions of this study are as follows:

- In Nawalparasi district, there were 749 successful entrepreneurs who were totally dependent on enterprises income.
- Most of the micro-entrepreneurs able to handle ownself their enterprises.
- The family structure of the respondents is found pro-poor and the schooling system of the children found very low.
- The accessibility of water, toilet and other basic needs are not in proper status of health is poor and clean drinking water is lacking.
- Out of total sample HHs, there were found maximum 45.28% entrepreneurs major income source is micro-enterprises. They were totally depending on enterprises. But other entrepreneurs also depend on enterprises income and they have other sources of income as well.
- The enterprises under the programme were found to be effective making on income minimum of Rs. 1200 to maximum Rs.30,000 per month per enterprises. Adding this income to the average mean per capita income is Rs.4847 per month after the MEDEP program. It is clearly revealed that the programme has helped significantly to alleviate poverty of the entrepreneurs family and overall Nepal.
- There were found two types of employer one is from family and the other is out of the family. The average employment ration is 3 people per enterprises.
- In total sample HHs, the percentage of female entrepreneurs is high than male. It shows that females are more successful to run enterprises and increase their income level after operation of micro-enterprises
- In study areas sampled entrepreneurs HHs consumption pattern is improved after operation of micro-enterprises. Most of the entrepreneurs spend their income for their basic needs. The

consumption pattern of fooding, clothing and festivals is higher than in education and Health.

- In the study area, it is also observed that most of people spend a large proportion of their income to fulfill their basic needs and festivals.
- The main cause of poverty is to lack of education, awareness and managing system of enterprises.
- In study area, after operation of micro-enterprises. There has found change in skill development, education and economic situation of the people. 95% of sample entrepreneurs feel change in their life style, food habits.
- On the basic of FGD, maximum 44.28 percent entrepreneurs future plan is to take more training and target to increase productivity from their enterprises.
- Overall in Nepal, the trend of poverty is decreased slowly. After, implementation of different kinds of poverty alleviation programme the poverty incidence is 31 percent according to NLSS, CBS (2004), Nepal.

6.2 Recommendations

The problem of poverty is different from country to country and even from region to region within a country. The poverty of Nepal is largely common upon rural areas. Without proper looking of socio-demographic characteristics, no further remarkable achievement can be made in reducing poverty in Nepal. Thus the main aim of this study is to analyze the relation between micro-enterprises and poverty. On the basis of findings of this study, some recommendations and suggestion have been made. It is hoped that this suggestion will initiate planner, policy makers and local government officer, MEDEP office to design appropriate and effective policies and programmes regarding the sustain income of enterprises to reduce poverty all over the country from the

major findings, observation and FGD of the entrepreneurs following recommendations are made for policy implications.

- Micro-credit supported rate of interest is not sufficient for the enterprises operation and to sustain. So that appropriate loan size should be provided to run enterprises on sustainable way.
- The government has to provide training package for people to increase the productivity by use of modern technology.
- Nepal in general, lack the industrial culture and skills. The shortage of skilled technical and professional personnel imposes added constraints on micro-enterprises development of the rural level. So that, the conventional approach of micro-enterprises development should be modified into modern market led and integrated approach.
- The middle and lower caste people spend a large proportion of their income for unproductive consumption such as alcohol, smoking and gambling. This should be discouraged and social organization should take appropriate steps in this regard.
- The central level of poverty alleviation program must be effective on community based approach programme.
- The government should give emphasis on the local level community based CBOs the alleviation of poverty.
- Free governmental programme for use of technology, skill development, exhibitions programme and extension services at local level should be focus of for the micro-enterprises.
- There should be a proper network for flow of industrial information, raw materials, technology, market and enhancement of management quality etc.
- Government should encourage the micro-entrepreneurs to provide them modern facilities to sustain their enterprises and market management.

- Export oriented potential products having comparative advantage of micro-enterprises should be identified and given priority.
- Bamboo products enterprises would played significant role to alleviate poverty because it can be run by local aviable raw materials and find easily in every part of the country.
- In the context of Nepal, most of the ladies are involved in unproductive sector so the government should modify them in productive sector through micro-enterprise such as Fiber and textile products to provide micro-enterprises facilities in rural areas.

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ANNEX - I

A Case Study

Mr Balaram Ghimire is a successful Entrepreneur. He lives in Suryanagar tole in Daunnedevi- 2 of the Nawalparasi District. He was born in Lalitpur district and migrated in Nawalparasi District before 16 years in the process of employment. He has experienced in fiber weaving in palpa within one year and then he started to work Bardaghat Fiber Industry, Nawalparasi from 2048 to 2056 B.S. He worked in wage labour. He was getting wage of Rs.2000 with hard labors to work 16 hours per day. However, the work was not regular and was very much difficult. The family members were depended on his limited earning. He had no land, no house for living. He had hands to mouth problem. He has not money to run enterprises own self. After getting associated with MEDEP, First, he met MEDEP representative and motivated him to run enterprises own self. He got training on Fiber production and SIYB package of MEDEP. It was inspired him to establish enterprise and supported him to provide loan through ADB on MEDEP Recommendation. In first, he got loan of Rs. 3000 to start the enterprise. He started his enterprises with machine and than after six months, he brought other two machines and started to employ other people. In starting period, he got Rs. 2000 profit from his enterprises. He repaid the first loan of Rs. 8000 and took regularly second, third and forth cycle of loan. In last time, he took 50,000 from MEDEP support ADB and other moneylender.

Now, totally, be repaid loan and continue his enterprises. He developed employment for women and other persons. He has 13 employers on his enterprises and ea has in total six machines.

Through the Fiber enterprises, he has got miracle changed in his life and income level. He earns Rs. 7000 per month. He built a house and bought agriculture land 2 Kattha. He has a bicycle, it helps him to sale his products in market. Now, he is also participated in social work and he is famous in his society. Just by these enterprises, he has been able to raise enough to support the family's food health and education needs. He has a plan to increase his products and getting new training. Now he is fully satisfied from his enterprises and wants to continue it to improve quality and quantity of the fiber products. Therefore, he is a successful entrepreneurs in study area and he is being inspired person for other poor people.

Annex-II

A Case Study

Mr. Nandalal Neupane lives in Bote tole in Gaidakot- 2 of Nawalparasi District. He is a successful entrepreneur of Bamboo products. He is a 50 years old man. He has bitter experience in his life. He faced many tragedies in his life, Now, he is very satisfied from his business and enterprises. He is very satisfied from his business and enterprises. He was migrated from mountain area and faced many difficulties. Before getting associated with MEDEP, he started to wok as daily wage labour and his family member and wife ran a hotel. They could not save any money from Hotel. After getting associated MEDEP, he is micro-entrepreneurs who is self employed as well as employ between 7 to 9 people each on a regular basis around the year. It is contributed to the income and employment generation of the villager people. With the support and guidance of MEDEP, he established his own enterprises and got training to make bamboo rack. Today', he is being a example entrepreneur of the society. He is forwarded to ADB by MEDEP for financing and he got a loan of Rs.5000 to start the enterprises. He was started producing racks immediately after the training. He was able to make about 5000 to 7000 per. month. There were nine employers who made 8 to 10 racks per day. Every rack has profit 10 to 20 rupees. His enterprises monthly income is Rs.7000. Now, he has a plan to increase productivity and improve it through using new technology. He is running the enterprises very well. He works full time in this enterprise and being successful entrepreneurs of the society.

Annex III

Fiber Production Enterprises

	Total Investment on micro-enterprises operation period						Total Investment in production process						Total sale for month			Total income per month		
	starting period (Rs.)	machine number	mid time (Rs.)	machine number	last time(Rs.)	machine no.	starting period (Rs.)	Products size (m)	mid-time (Rs.)	Products size (m)	Last time products (Rs.)	Product size (m)	Starting period (Rs.)	mid time (Rs.)	Last time (Rs.)	Starting period (Rs.)	mid time (Rs.)	Last time (Rs.)
1	8000	1	20,000	2	25000	3	2500	30 m	3000	36m	7000	65m	8100	9720	17550	3500	4560	6650
2	40,000	4	-	-	8000	1	3000	36m	4000	44m	5000	55m	9720	11880	14850	4560	5240	6550
3	50,000	5	28,000	3	20,000	2	4000	44m	6000	60m	900	90m	11880	16200	21300	5240	6600	6900
4	20,000	2	30,000	4	30,000	4	5000	50m	5500	55m	10,000	100m	13500	14850	27000	5500	6050	11,000
5	20,000	2	20,000	2	8000	1	1500	20m	6000	45m	12000	125m	5400	12150	33750	2700	3450	14,250
6	20,000	2	8000	1	15000	2	2000	25m	4000	40m	8000	80m	6750	10,800	21600	3250	4400	8800
7	20,000	2	-	-	-	-	2500	30m	3000	40m	3000	40m	8100	10800	10800	3800	5400	5400
8	20,000	2	-	-	-	-	6000	45m	8000	60m	9000	65m	12150	10200	18550	3450	4600	4650
9	25,000	3	8000	1	-	-	4500	35m	3000	45m	5000	50m	9450	12150	13500	2850	4450	5500
10	8000	1	-	-	15,000	2	2000	25m	4000	40m	4500	45m	6750	10800	12150	3250	4400	4950
11	20000	2	-	-	-	-	1500	15m	3000	30m	3000	30m	4050	8100	8100	1650	3300	3300
12	8000	1	-	-	-	-	1200	15m	2000	25m	2000	25m	4050	6750	6750	750	3250	3250
13	20000	2	-	-	-	-	1000	10m	1000	10m	3000	30m	2700	2700	8100	1100	1100	3300
Total	279000	29	114000	13	121000	15	36700	380m	52500	530m	72400	800m	102600	137100	214000	41600	56800	84500
Averate							2823	29m	4038	40m	5569	61m	7892	10546	16461	3200	4369	6500

Bag Weaving Enterprises

Res No.	Total Investment in Production Process						Total Sale Per month			Total Income per month		
	Starting time (Rs.)	Product no.	Mid time (Rs.)	Product no. size	Last time (Rs.)	Product no. size	Starting Period (Rs.)	Mid time (Rs.)	Last time (Rs.)	Starting Period (Rs.)	Mid time (Rs.)	Last time (Rs.)
14	600	16	900	24	1500	40	1280	1920	3200	400	600	13000
15	900	24	1000	26	2000	50	1920	2080	4000	600	650	1250
16	1000	27	1000	27	2000	55	2160	2160	4400	675	675	1375
17	600	16	1200	32	2500	60	1280	2560	4800	400	800	1500
18	1200	30	1500	36	2000	55	2400	2880	4400	750	900	1375
19	700	15	1000	26	1800	48	1200	2080	3840	375	650	1200
20	800	18	800	18	1800	50	1400	1440	4000	450	450	1550
21	1000	26	2000	50	3000	60	2080	4000	4800	650	1250	1500
22	500	12	1000	25	2500	55	960	2000	4400	300	625	1375
23	300	7	600	15	1000	30	560	1200	2400	175	375	750
24	350	9	500	12	800	20	720	960	1600	225	300	500
25	300	6	3000	6	900	18	480	480	1440	150	150	450
26	400	8	400	8	1000	26	640	640	2080	200	200	650
27	300	6	500	10	500	10	480	800	800	150	250	250
28	1000	28	1200	30	2500	60	2240	2400	4800	700	750	1500
29	600	16	600	16	1000	28	1280	1280	2280	400	400	700
30	1000	28	2000	55	3000	100	2280	4400	8000	700	1375	2500
Total	11550	292	19200	416	29800	765	23400	33280	74200	5225	10400	19425
Average	679	17	1129	24	1752	45	1376	1957	4364	307	611	1142

Bamboo Products Enterprises

Res No.	Total Investment in Production Process						Total Sale Per month			Total Income per month		
	Starting time (Rs.)	quantity (No.)	Mid time (Rs.)	Quantity (No.)	Last time (Rs.)	Quantity(No.)	Starting Period (Rs.)	Mid time (Rs.)	Last time (Rs.)	Starting Period (Rs.)	Mid time (Rs.)	Last time (Rs.)
31	2000	12	2000	12	3000	21	4800	6000	8400	2400	2400	4200
32	1000	8	1500	13	2000	15	3200	5200	6000	1600	2600	3000
33	1500	10	2000	16	4000	30	4000	6400	12000	2000	3200	6000
34	2000	15	3000	19	5000	38	6000	7600	15200	3000	3800	7600
35	2000	15	3000	20	4000	30	6000	8000	6000	3000	4000	6000
36	1000	8	2000	16	3000	22	3200	6400	8800	1600	3200	4400
37	1500	10	2000	14	5000	35	4000	5600	14000	2000	2800	7000
38	2000	15	3000	18	6550	40	6000	7200	16000	3000	3600	8000
39	3500	18	5000	35	6000	40	7200	14000	16,000	3600	7000	8000
40	2000	15	3000	18	4000	25	6000	7200	10000	3000	3600	5000
41	1000	7	2000	15	2000	15	2800	6000	6000	1400	3000	3000
42	2000	14	3000	18	5000	39	5600	7200	15600	2800	3600	7800
43	2000	15	3000	19	3000	19	6000	7600	7600	3000	3800	380
44	2000	16	2000	16	3000	18	6400	6400	13200	3200	3200	3600
45	1400	10	2000	16	3500	33	4000	6400	6800	2000	3200	6600
46	1000	8	2000	17	2000	17	3200	6800	11600	1600	3400	3400
47	2000	16	3000	29	3000	29	6400	11600	12000	3200	5800	5800
48	2000	16	3000	30	3000	30	6400	12000	6000	3200	6000	6000

49	1000	6	2000	15	2000	15	2400	6000	4800	1200	3000	3000
50	500	4	1000	6	900	12	1600	2400	4800	800	1200	240
51	500	45	1200	150	1200	150	3600	12000	12000	2250	7500	7500
52	1000	100	2000	250	3000	500	8000	20000	412800	5000	12500	22500
53	500	50	1200	160	1200	160	4000	12800	12800	2500	8000	8000
54	1000	100	3000	350	4000	500	8000	28000	40,000	5000	17500	22500
55	2000	260	5000	600	5000	600	20800	48000	48000	13000	30000	30000
56	1000	100	3000	350	4000	640	8000	28000	51200	5000	15750	32000
57	2000	250	2000	250	5000	700	20000	20,000	56000	12500	12500	35000
58	1200	200	1200	200	1500	250	16000	16000	20,000	10,000	10000	12500
59	1000	150	1200	160	1500	180	12000	12800	14400	7500	8000	8100
60	1000	110	2000	250	2000	250	8800	20,000	20,000	4950	11250	11250
61	1000	120	2000	220	3000	300	9600	17600	24000	5400	9900	15000
62	500	55	1500	170	3000	300	4400	13600	24000	2750	8500	15000
63	500	45	1500	150	1500	150	3600	12000	12000	2250	7500	7500
64	500	45	500	50	500	50	3600	4000	4000	2250	2500	2500
65	500	50	1000	100	1500	150	4000	8000	12000	2500	5000	7500
66	500	60	500	60	500	60	4800	4800	4800	3000	3000	3000
67	500	45	500	50	500	50	3600	4000	4000	2250	2500	2500
68	500	5	1500	150	1500	150	400	12000	12000	250	7500	7500
69	1500	160	2000	160	5000	300	12800	12800	24000	8000	8000	15000
70	1000	120	5000	300	5000	300	9600	24000	24000	6000	13500	13500
Total	51600	2308	87300	4502	116350	5993	260800	476400	644400	149950	264500	382950
Average	1290	57	2182	113	2908	149	6520	11910	16110	3749	6612	9573

Annex- IV

Questionnaire for Households Survey

Impact of Micro-enterprises on Poverty Alleviation in
Nawalparasi District, Nepal

Q.No (1) General Information of micro entrepreneurs.

Name of Entrepreneurs: type of Enterprises:

Address:.....VDC:.....

Ward No:Tole:.....Household No:.....

Age:.....Occupation:.....Sex. Male.....Female.....

Caste:.....Religion:.....Married/Unmarried/Widow.

Q.No (2) Educational Status of Entrepreneurs

2.1 Educational level.....2.2 Skill.....

2.3 Training.....2.4 Started date of enterprise: New/old

Q. No (3) Family Background of the Micro-entrepreneurs.

3.1 Illustrated about your family members Age, Education and Occupation

S.N	Name	Sex M /F	Age	Relatio nship with house owner	Education				Occupation						
					I l l	P r i	S e c	H. S e c	M a j o r	S u b m a j o r	Other				
											Agric ulture	B u s i	E n t	S e r	L a
1															
2															
3															
4															
5															
6															
7															
8															
9															

M = Male

Agri = Agriculture

La = Labour

H. Sec = Higher Secondary

Ill = Illiterate

Ent =Enterprises

F = Female

Busi = Business

Sec = Secondary

Pri = Primary

Ser = service

Q. No. 4 Description of Enterprises or Business

4.1 Type of Enterprises.....

4.2 Starting date.....

4.3 Date of TrainingType.....who provide.....

4.4 Number of employes.....

From family Outside Total

4.5 Salary of Employees

Minimum Maximum daily rent

Q. No. 5 Who is the inspiration source ?

Parents Relatives Training/Education

MEDP Government Looking other

Q. No 6 Who is the owner of your Enterprises ?

Ownself Co-operation

Family Group Others

Q.No 7 Are you satisfied from your enterprises ?

Fully Not much OK

Little bit Don't No

Q. No 8 what type of help id you got to run the enterprises from MEDEP ?

1.....2.....

Q. No.9 From where did you get the economic source to run the enterprises.

Help Source	Source Place	Total Rs	Repayment
Family			
Own saving			
Relatives			
Local Lenders			
Local group			
MEDEP + Bank			
Co-operatives			
Other			

Q. NO. 10 what type of Raw Material do you used for your enterprises and what is the source ? illustrate.

10.1 Type of Raw material.....

10.2 From where Name Place..... Distance.....k.m

10.3 How many times do you go in a year ? times

Fare go and return: Rs.loading Rs.

10.4 what is the weightage you bring once total Kg Rs.

10.5 Problems mention, while supplying raw material.

1.....2.....

Q. No.11. How do you sell the products from the enterprises ?

	Total	Percentage
Sale from the industry
Self delivery in local market
via co-operative organization
Through business personal
other

Any inconveniences while selling

1.....2.....

Q.No. 12 What is the approximate monthly income ? (deducing the raw materials and other expenditure)

Total Rs

Q. No. 13 what is our future plan regarding industrial occupation? Explain briefly.

Conducing New industry improving it

Importing new technologies to increase the products

Taking more training Quit the Occupation

Improvement in Production and Marketing

Producing Cheap and accessible products others

Q. No 14. What do you think is better for improvement and progress of the enterprise?

1.....2.....

Q. No 15 Is there any demand from the places other than your usual ones?

Yes No

If yes Name of Place:.....Quantity:

Q. No 16 What is the technology used in your enterprises? Name of technology:.....

Q. No. 17 Now, how do you evaluate your family status?

High Comparatively high Medium
Comparatively low Low don't know

Q. NO 18 Give the annual expenditure of your family

Topic of expenditure	Total expenditure (Rs.)
Food	
Clothing	
Education	
Health	
Rent/Repair	
Festivals	
Miscellaneous	
Treatment	
Others	
Total	

Q. No 19. How much amount could you save from your business?

Total Rs:.....Annual Rs:

Q.No. 20 Did you add any land after being involved in this business?

Yes No

Q.No 21 It there change in foods before and after this business? Yes/No.

What do you eat before:.....After:.....

Q. No 22 Economical status of family

22.1 Who is the house owner you are living?

Own Rent homeless

22.2 Who is your house owner, where you are conducting business?

Own Rent Relatives

22.3 Is there toilet in your house? Yes No

If yes what's the type:.....

Whole Modern In Jungle Others

Q. No 23 Give Information about your family land holding size.

Type of ownership	Field (khet) Ropani/Bigaha	Bari Ropani/Bigaha	Land for house Ropani/Bigaha	Others Ropani/bigaha	Total Ropani/Bigaha
Own/personal					
Mohiyani land					
Partnership					
Government					
fund					
for rent					
Total					

Q. No. 24 Do you get change in life style when your family engaged in micro-enterprises? Yes No

If yes, skill development education

Economic Status Health

Q. No.24.1 From which source did you got more income?

Agriculture Cattle business/Enterprise

Service Others

Q. No. 25 Is more cattle in your house?

Yes No If yes How much No

Q. No. 26 Your family have livestock and they have milk, if yes How much milk.

Liter

26.1 How much sale you daily? Liter Per liter Rs.

Q. No.27 What is your energy source of cooking meal?

Firewood Guitha Kerosene grass

Solar Energy Bio-gas LPG.Gas

If firewood, what type of stove?

Traditional Improve

Q. No. 28 Do you have 10 years child in your family? If yes, how many times they suffer from dhiaria.

last year, How many times Total How many times

Last month, How many times Not at all

No children

Q.No. 29 During the period of Pregnancy up to birth a mother child below one year are die or not in your family within a year?

Yes No

If yes, children No: Mother No:

29.1 Does any family member of your family is severely ill or not?

Yes No How many

Q.No. 30 What is source of drinking water in your family?

Pipe water Tubels Pond

River Water Others

Q.No. 31 What is the time does it take to fetch water?

Time minute distance m/km

Q.No.32 What number of children are going school in your family?

6-12 year old boys No. girls No.

13-17 year old boys No. girls No.

If left the school

Total Number: Boys

Girls

Q.No. 33 What are you feeling before and after the running on your own enterprises and being a successful entrepreneurs?

Before After

1..... 1.....

2..... 2.....

Name of the Information's

Signature

Date.....

Place.....

Focus Group Discussion on Entrepreneurs Households

Issues and Problems:

1. Problems of Micro-enterprises established in local level.
2. Use of local raw materials patterns in enterprises.
3. Technical aspects of Enterprises.
4. Changing their life by MEDEP programme.
5. Market accessibility for Enterprises production.
6. Participation of women in enterprises, access to assets, decision making, skill development etc. also.

Observation Sheet

Respondents Name:.....

Household No:.....

1. Condition of house
2. Condition of toilet
3. Electricity facility
4. TV/Telephone connection
5. Drinking water system
6. Market facilities of enterprises production
7. Technology used in enterprises
8. Cooking stoves of the house
9. Production system of goods in enterprises.

For Trend Analysis

Respondent Name:.....

Household Number:.....

Month/year	Total investment per-month/year Rs.	Total Production per-month/years Rs.	Total sales per-month year Rs.	Total income per-month/year Rs.	Total Profit per-month/year Rs.	Others
Starting Period						
Mid time						
Last Time						