

CHAPTER 1

INTRODUCTION

1.1 BACKGROUND

Micro Enterprises (MEs) are basic and primary units of small and large industries and businesses. After advancement in technology, investment, turnover, power use, and increase in number of employees, micro enterprises are upgraded as small industries. These are starting point of income generation and self-employment. Basically in micro-enterprises, family members are engaged. Usually, these are operated under informal environment and are mostly unregistered. MEs provide employment to rural and urban poor; and the women. They use indigenous resources and traditional skills and run as family business. MEs are considered important means for reducing poverty by improving skill, technology, and management that will help to enhance quality of product and promote market. The terms micro enterprise and micro business are used interchangeably.

In international practice, **micro enterprise** is a type of [small business](#) that is often unregistered and run by individual with low capital base. Because micro enterprises typically have no access to the commercial banking sector, they often rely on "micro-loans" or [micro credit](#) in order to be financed. [Microfinance](#) institutions often finance these small loans, particularly in the [Third World](#). Those who found micro enterprises are usually referred to as [entrepreneurs](#).

In Australia, a **micro-business** is known a business started with as little or less capital as would be usual for a business and refer to a business with a single owner-operator, and no employees.

In United States, ME is defined as a business with five or fewer employees. Many of these businesses have no employees other than the self-employed owners. Additionally, such micro enterprises generally need less than \$35,000 in loan capital and do not have access to the conventional commercial banking sector. By definition, most of these entrepreneurs are minorities, recent immigrants, women, disabled or for other reasons have special challenges that reduce their ability to access traditional [credit](#) and other services.

Street vendors, carpenters, machine and shop operators, seamstresses and peasant farmers-come as micro entrepreneurs and their businesses in small sizes fall under MEs. This diverse group requires a variety of support to grow and improve. Among such groups, women-owned businesses make up one of the fastest growing segments of micro enterprise. Since, in many countries, increased income in the hands of women is invested in health, education and housing for their families. As micro-entrepreneurs, women not only make a huge contribution to national income, but they also create reliable social safety nets for their families and communities.

However, the development and improvement of MEs is not an easy job. Official policies often make business difficult for micro-entrepreneurs. Micro entrepreneurs lack knowledge and skill to start and expand business. For it an improved business regulations, tax regimes,

licensing requirements, technical and financial support and expansion of domestic as well as externals for ME products will promote conditions for micro-enterprise development.

1.2. Statement of the Problem

Most of the rural based small industries serve local market. They compete with each other in the price resulting in deterioration of quality of products and services. The enterprises which sell to trader must sell on credit for a long time. This results in closing of many small enterprises for the scarcity of working capital. Thus main reasons for this are prevalence of sellers' market and lack of advertisement due to high costs and being informal.

Marketing means the selling and buying of goods and services in simple words. The seller will sell the goods and services and in return, he receives payment from the buyer in the form of money or something else. Generally, selling and marketing are same but selling focuses on the needs of the seller; marketing focuses on the needs of the buyer. Marketing mix, market segmentation, market research are needed for effective marketing.

Marketing is the only activity of an enterprise that generates revenue. All other activities involve costs. Marketing of products is however the number one problem of any enterprises indicating the need to develop and implement an appropriate marketing strategy that could solve most of the marketing problems.

Products are tangible and touchable. They are physical goods bought by the individuals or households without requiring any further processing. Products are two types: durable and non durable. Services are against physical product. They are intangible in nature which can not be owned or touched. So, service marketing is very sensitive matter for entrepreneurs. Comparatively product marketing is easy than service marketing.

It is obvious that entrepreneurs are also affected by the marketing problems of cottage and small industries. Businesses are run to achieve several marketing goals, such as increasing market share, maintenance of market share etc. However it should be remembered that the most important goal of an enterprise is to earn profit for the owner. In order to earn profit, entrepreneurs have to produce goods and services and ultimately sell them to consumers. If goods and services are not produced and sold on time entrepreneurs may face following problems

-) Excessive stock of goods
-) Blockage of a major portion of capital

) Lack of cash to pay bills, salaries and wages to workers.

The above mentioned problems are common in cottage and small industries. The main reason for such problems is usually the inefficient management of business. In most cases this is because of the lack of ability of entrepreneurs to properly market their goods and services or to manage their marketing. So following questions related with products and services marketing by entrepreneurs in kalikot district, program area of MEDEP are:

-) What are the problems and constraints of product and services marketing by entrepreneurs?
-) What is the present situation of products and services marketing?
-) What is the market potentiality of products?
-) How can expand the market of products and services with study area?

1.3 OBJECTIVES

The main objective of this study is to analyze the natural resource potential, market demand and target group in Kalikot district. It included specific objectives to

- a) explore and analyze local natural resources that can be useful for ME development with reference to quality and geographical locations;
- b) To indentify the market potential of the resources.

1.4. RATIONALE OF STUDY

With a view to promote micro-enterprises among the most deprived populations, MEDEP has adopted a specially designed package to encourage the poorest (based on per capita income of individual as per defined by the GON) people to undertake micro-enterprises. The program assumes that the poor people by undertaking micro-enterprise activities are expected to increase their income by two fold. Particularly, according to the past experiences, local resource based micro-enterprises has been successful in forms of environmental balance, sustainability, cost efficiency, and market availability (e.g. Allo, weaving, Lapsi candy making and so on).

Besides, MEDEP's intervention is based on thorough understanding and study of the local resource potential, local demand, and market opportunity. This approach has been successful to establish environment friendly and locally sustainable micro-enterprises and accordingly to provide benefits to local producers as well as consumers. MEDEP has assigned to carry out the study and analysis of natural resource potential, market demand and target group in Kalikot. Accordingly this study is conducted in Kalikot district to achieve objectives defined by MEDEP.

This study intended to carry out a detailed survey analysis of Kalikot district regarding the availability of natural resources for micro enterprises development. Further, this study intends to explore potentials of growth oriented, environmental friendly and locally

sustainable enterprises and processing and marketing of ME products at district, regional, national and international markets. The study will help to design ME program to reduce poverty of Dalit, Janajati, women, and youth in the district.

1.5 Importance of the study

The micro enterprises play an important role in the national economy for developing countries like Nepal. Such enterprises account for more employment and contribute a large portion of the total output, alleviate poverty, redistribute income and contribute for balanced regional development. This sector, also could asset in the mobilization of saving and earn foreign exchange through effective marketing of product and services of micro enterprises by entrepreneurs.

This is the age of marketing. All type of enterprises need marketing to achieve their goals. Marketing is changing fast and is also getting complex and challenging day by day. For promoting marketing of product and services of micro enterprises, there should be created suitable business environment to the entrepreneurs. For this propose it is necessary to do research work about the problem and prospect of entrepreneurs facing in the period of marketing. So this study will be helpful for the entrepreneurs, policy makers, government and non government organization to promote such types of enterprises in every sector of the nation.

The marketing components in business are perhaps the most important elements. This vital component however found to be missing and or undiscovered in most of the country's enterprises development programs. Most of the program focused towards poverty alleviation through income generation and micro-enterprise development are basically a single components founded either on credit or skills training or entrepreneurship training etc. with not much attention to the needs of marketing in business.

Market is an important aspect for both the existing entrepreneurs and the potential entrepreneurs. What is market? How does one sell goods properly? These are the subject matters that entrepreneurs have to be aware. Most of the entrepreneur's businesses are based on the skills that they already have and most of them lack of proper information about the market. Therefore, programs on market information, dissemination and market promotion should be formulated to help women entrepreneurs to solve their marketing problems. Since women involved in micro-enterprises can not promote their products by themselves, support in market networking should also be provided to them.

Majority of entrepreneurs of micro-enterprises has a problem of inadequate knowledge, skill and experiences of marketing. Most of them do not concentrate on fulfilling the demand of consumers. Therefore information gap about marketing is highly prevalent among

entrepreneurs. It has been well accepted that complete market study is quite necessary to build the entrepreneurial base. .

1.6 LIMITATION OF THE STUDY AREA

The study has identified potential micro enterprise activities creating gainful employment to rural disadvantaged households of Kalikot district based on available resources, and around market centers as well as growth centers; those purely rural and semi-urban and urban activities. The study work covered the whole district on the sampling basis and identified the existing and potential market center/growth centers, natural resources available in peripheral areas and dense of target people specially; women, Dalits, and Janjatis who fall under the criteria of poor. The growth centers are identified on the basis of movement of people, degree and frequency of purchase and sales of marketable goods and services such as daily market or hat Bazaar or establishment of enterprises (e.g. rural or semi-rural based small hotels and restaurants, micro industries and processing units, stores based on rural consumer needs, presence of financial institutions, economic and social gathering of local people, educational and training institutions, health centers and clinics, saloons, shop, tea stalls, etc in VDCs) (See Annex – 1 for Name of the VDCs).

1.7 ORGANIZATION OF THE STUDY

This study focused on three prime areas. First, analysis of availability and potential natural resources; Second, assessment of market demand of such resources, and Third, to identify target populations. To carry out study work smoothly; the works were divided into six major areas; preparation of study work plan, interaction and orientation, identification, collection and review of literatures, developing study tools (including analytical frame work), field work, organizing and processing of information and preparation of report.

Based on these works, the report is divided in 6 chapters. Chapter one deals with introduction and the chapter two is related with Literature Review, The Chapter three is research methodology. The Chapter Four is related with the Introduction of the Study Area. Chapter five is presentation and analysis of the data. Finally, chapter 6 presents Summary, recommendations on potential resources, target groups, and marketing linkage of ME products

CHAPTER 2

LITERATURE REVIEW

There are four separate parts of the literature review. This chapter deals with literature with regarding the conceptual review related to theoretical consideration about Micro-enterprises and their concern on marketing, Review of SME development plan and policies in different plan development period, Review of related studies on marketing aspects of Micro-enterprises and Review of Micro Enterprises Development Program (MEDEP) in Nepal. Based on these aspects, available literatures have been reviewed below:

2.1. Conceptual Review

Basically Micro-enterprises is a small business. Each micro enterprises is different in size, type of business and legal arrangement. It is different in country to country.

Micro and Small enterprise have been defined to include those enterprises which have a total investment in plant and equipment ranging from Rs.10,000 to Rs.10 lakhs and from Rs.10 lakhs to Re.1 corer respectively and whose operations / outputs are eco-friendly and technology based with inputs of market-driven indigenous or imported technology (Sustainable livelihoods and Development Alternative, No 1998).

Micro enterprises are defined as employing no more than 5-10 workers, including the owners and family. They engage in non-corporate income generation and use less than US \$ 10,000 equivalent to total capital, starting capital is often less than US \$ 100 and nearly exceeds US \$ 1,000 (Jacob, 1988).

Enterprises with 0-9 workers are considered micro-enterprises, while those with 10-49 workers are considered small enterprises. And self employed workers are considered as micro-enterprises. ILO SEED ([http/ www.ilo.org/seed](http://www.ilo.org/seed))

Republic of Korea has also categorized the enterprise by the number of employees. Micro-enterprise refers 0-9 employees, Small enterprise refers 10-99 employees,

Medium enterprise refers 100-499 employees and large enterprises refer more than 500 employees (Republic of Korea 1980).

The European Commission defining small forms statistically. Micro enterprises 0-7 employees, small enterprises 10-99 employees, medium enterprises 100- 499 employees (Storey, 1995).

Entrepreneurs perform the function of entrepreneurship. They are creative individuals. They have vision and inspiration to grow by creating new ventures. They identify new business opportunity and take advantage of it. They take risks. They are better informed and possess greater experiences. They feel comfortable with change. They are free thinkers and catalytic change agent. Above all they are achievement oriented individual driven to seek new changes and accomplishment. (Agrawal, 2003)

Entrepreneurs are people who have the ability to see and evaluate business opportunities, together with the necessary resources to take advantage of them and to ensure appropriate action to ensure success. (ILO 1982)

Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individuals and organizational goal. (American Marketing Association)

2.2. Micro Enterprises Development Program (MEDEP)

Micro Enterprises Development Program (MEDEP) is one of the poverty reduction program implemented by government of Nepal with technical and financial support from United Nations Development Program (UNDP). The UNDP's role in the program has been to help the government in its endeavor to create income and employment generating opportunities through micro enterprise development to reduce poverty. The program was initiated in July 1998. MEDEP has taken an innovative approach through the demand driven model and its activities are concentrated at the grassroots level.

2.2.1. Concept of the Program

The MEDEP has initiated the process to provide opportunities for uplifting the economy of low income families through employment generating in rural areas by helping them produce goods and services for local consumption.

The MEDEP is implemented by Government of Nepal, Ministry of Industry, Commerce and Supplies with technical and financial supports of the UNDP. The UNDP's role in the program has been to help the government in its endeavor to create income and employment generating opportunities through micro-enterprise development to reduce poverty.

2.2.2. Goals and Objectives

The goal of micro enterprise Development Program (MEDEP) is to develop the micro enterprise that is targeted towards poor people living below the poverty line are to be involved. The MEDEP has initiated the process to provide opportunities for uplifting the economy of low-income families through employment generation in rural areas by helping them produce goods and services for local consumption.

The objective of the program is to diversify the livelihoods and increase the income of low income families through the development of micro-enterprises.

The Interim Constitution 2006 (2063) Nepal, defines responsibilities of the State. As per the Constitution the major responsibilities of the State are to ensure progressive political, economical and social changes and to follow a policy of protecting and promoting national industries and resources to achieve the goal of narrowing economic disparity. Similarly one of the directives principle/objectives is to transform the national economy into an independent and self-reliant system by preventing the available resources and means of the country from being concentrated within monopolistic approach of limited section of society by making arrangements for equitable distribution of economic gains based in social justice, by making such provisions and preventing economic exploitation as well as economic disparity of any caste, sex, tribe, origin or individuals, and by giving preferential treatment and encouragement to national enterprises, both private and public. The State shall, while mobilizing the natural resources and heritage of the country that might be useful and beneficial to the interest of the nation, pursue a policy of giving priority to the local people.

The literature reviewed emphasizes that, protecting and promoting national industries and resources as well as giving preferential treatment and encouragement to national enterprises and mobilizing the natural resources and heritage of the country in the interest of poor, local people and nation is prime concern of the State.

CHAPTER 3

RESEARCH METHODOLOGY

This chapter deals with the procedure and technical part of the study. It consists: research design, rationale for the selection of the study area, sampling procedure, nature and source of data, data collection techniques and tools and methods of analysis and presentation of data.

3.1. Research Design

This study was descriptive as well as analytical in nature and emphasized qualitative phenomena. Since this study describes about the marketing factor of the Micro-enterprises for the sustainable micro-enterprise development. The study is mainly based on primary data. The research has been conducted with the help of micro-entrepreneurs on the study area who were participated in MEDEP. Beside, the study describes the real situation of the micro-enterprise and entrepreneurs. With the help of data generated from field and presented in analytical way or it was accepted that this research design may fulfill the specific objectives of the study so it is analytical.

3.2. Type and Nature of Data

The study aims to find out the products and services marketing by entrepreneurs in the study area. Both primary and secondary source has been used for data collection. The study uses both qualitative and quantitative data for analysis. Similarly, both primary as well as secondary data has been collected. The primary data has been collected from study area in Kalikot district by field survey with the help of structured and semi structured questionnaire.

The secondary data has been collected from published and unpublished written documents from individual experts, DDC of Kalikot, MEDEP and other organization report related to study.

3.3. Sampling Procedure

The universe of this study was MEDEP area in kalikot district. Altogether 4 VDCs and there are 55 person which 55 are entrepreneur. At that time period the numbers of male and female entrepreneurs were 25 and 30 respectively.

The respondents selected from different VDCs are given below.

Table 1

| S.N. | VDCs | Number of respondents |
|------|-----------|-----------------------|
| 1 | Mehalmudi | 13 |
| 2 | Kumalgaun | 15 |
| 3 | Gela | 14 |
| 4 | Kalika | 13 |

Source: MEEDEP Profile ,Kalikot ,2009

3.4. Data Collection Techniques and Tools

Primary data on product and services marketing by local entrepreneurs has been collected in study area. To generate primary data the household survey, Key information interview and observation as well as focus group discussion techniques were applied. For the collection of primary data, structure questionnaire, topic guideline, work schedule, check list were applied as tools.

3.4.1. Data Collection Techniques

For the collection of data following techniques were used:

3.4.1.1. Household Survey

Information was gathered by having discussion with entrepreneurs in study area. The survey was taken from altogether 55 entrepreneurs of the sampled VDCs and selected 4 V.D.C by adopting door to door approach. Structured and semi-structured questionnaire were used for collection of the realistic and accurate data from household survey of the study area.

3.4.1.2. Key Informant Interview

Key informant interview method was used to collect additional information about the products and services marketing by entrepreneurs in the study area. This is an open discussion with open ended questions. From the interview valuable information were generated in addition to the facts those have possible be overlooked during formal interview. It is cross check data obtained from questionnaire. Other key related issues i.e. institution development, decision making process, capacity building, leadership development etc are also major agenda for key informants.

3.4.1.3. Field Visit and Observation

Each household selected in sample was visited and different activities of the targeted groups, their enterprises and markets of Kalikot district were observed directly. The data was recorded while observing the household who participate these program activities.

3.4.1.4. Focus Group Discussion

The focus group discussion was held in two groups with selected entrepreneurs. The discussion was taken in 4 VDC of the district. The major issues of discussion were focused on activities related to marketing aspect of the products produced by Micro-entrepreneurs and overall impact of the program.

3.4.2. Data Collection Tools

3.4.2.1. Structured Questionnaire

All the necessary information were collected through administering structured questionnaire. The structured questionnaire was prepared to generate the realistic and accurate data from the study area. The questionnaire were filled up according to the information given by respondents.

3.4.2.2. Observation Checklist

Different modes of activities of targeted people were directly observed during the field survey. Checklist was prepared for not to be confused during the field visit for what to be observed.

3.5. Methods of Data Analysis and Presentation

After the completion of data collection both primary and secondary data were processed manually. The collected primary data from various sources were edited and entered in the computer and processed by using computer software. The quantitative data were also described and interpreted with the help of statistical tools. Simple statistical tools were used for data analysis. The qualitative data were analyzed in systematic textual form. And quantitative data were analyzed by using statistical tools mainly tables, charts, diagrams as required.

3.6 TOOLS OF STUDY

The research prepared guidelines to conduct study in due time and frame incorporating all steps of activities related to field work. The tools include: (i) Check list to collect information at the district level, (ii) VDC level format, (see Annex-3) (iii) Individual level questionnaires, and (Annex-4) (iv) Guidelines and format to conduct FGD. (Annex-5 Guidelines).

CHAPTER 4

INTRODUCTION OF THE STUDY AREA

4.1 Background

Kalikot is hilly district located in Mid-Western region having 1741 sq km area. By development point of view, Kalikot is ranked in 73rd number among 75 districts.

The Karnali highway 232 Km from Surkhet- Jumla opened in 2065 runs half on Kalikot area, connecting market centers: Jitegada (Bharta), Manma, Padmaghat and Nagmaghat. It is ranked 73rd among 75 districts in National human development index.

4.1.1. Area and location

Its total area is 1741 Sq Km. It lies between 81.28 and 82.2 Longitude, and 29.28 to 29.5 north latitude. It falls between 738 low to 4790 mt high regions. It comprises of narrow river basins of Karnali and Tila in the east.

4.1.2 River and water resources

Rivers compose 10 % of its total area. Main tributaries of the river- Karnali and Tila within the district that compose vast natural resources of the district are listed below.

Table-2

| S.N | Main Khola/Gadh | VDC areas |
|-----|------------------|-------------------|
| 1 | Tipgadh | Thirpu |
| 2 | Khulalugadh | Kotbada-lalu |
| 3 | Sannigadh | Mehelmudi-Syuna |
| 4 | Padmagadh | Chilkhaya-Odanaku |
| 5 | Bachugadh | Chilkhaya |
| 6 | BhartagDha | Bharta-Sukatiya |
| 7 | Fakoti Khola | Thirpu-Khin |
| | Subsidiary Khola | |
| 1 | Regil | Manma-Badalkot |
| 2 | Laphagadh | Ramnakot-Badalkot |
| 3 | Chaukhola | Pankha |
| 4 | Baligadh | Mugraha-Sukatiya |
| 5 | Ghattegadh | Gela-Kalika |
| 6 | Khallgadh | Jubitha |
| 7 | Fukgadh | Fukot-Nanikot |
| 8 | Simlagadh | Daha |
| 9 | Takulla | Chhapre |

Source: MEEDEP Profile ,Kalikot ,2009

The river and other small rivers (Gadh), and streams (Khola) make up main source of water to farmland, which is about 10 % of total land area in the district. A 500 KW hydro power is

generated from Podmara of Mumra VDC, only about 35 % of the power is utilized at Manma. At Chilkhaya 25 KW micro hydro power is generated. Besides these streams flow in other VDCs like: Dhaulagoh, Ramnakot, and Raku where Ghattas (indigenous micro water mills) operate. At present the district has 130 ghattas, assuming one Ghatta generate one man's employment this activity employs 130 local people (Source: Energy and environment section DDC Kalikot)

Famous fountain: Pachal Chhahari (mid west part of district) 483 mt high is called world's longest fountain flows at Khardu of Ramnakot VDC is about 30 KM from Manma, headquarters of Kalikot. In Sukatiya Bhut Chhahara fountain and in Bharta Bhera Khola fountain are small fountains.

4.1.3 Topography

High and middle hills between 1500- 3000 mt compose 70 % of area sheltering 90 % of populations, their source of livelihood being agriculture, livestock, herbs, plants, traditional weaving and labor.

North Himalayan range between 3000 to 4000 mt covers 10 % area with three months snow hibernating valuable herbs and plants, sheltering wild animals and birds leopards, bears, deer and pheasants, and domestic animals: sheep and goat. High Himalayan area about 10 % cover 6 months with snow has Yarchagumba, Gadalnu, and Panchaule (hatejadi) valuable herbs. Pastures/Kharka lie within this area that provide grazing to sheep, goat, cow, and buffalo from Chaitra to Bhadra During the period people milk cattle at mobile sheds and collect ghee, collected by traders and sold at Jitegada market gateway to Dailekh- Surkhet district.

4.1.4 Climate, temperature, soil, and surface

- J Subtropical: Karnali, Tila river basins and low lands attached with small rivers (Khola) up to 1500 mt
- J Warm temperate: 1500- 2000 mt warm suitable to wheat, maize, paddy (Ghaiya), guava, banana, soybeans, vegetables, potato, and goat, buffalo, cow, etc.
- J Cold temperate: 2000 to 3000 mt.
- J Subalpine: 3000 to 4000 mt
- J Alpine: 4000 mt and above

Temperature ranges between 20 C to 30 C in summer and 30 C to - 6 C and in winter its averages are between 18.6 to 5.6 C. It receives annual 630 rainfalls. Soil: brown, red, and black which are suitable to horticulture, and staple crops. The surfaces are slope along with rivers and Kholas, and Flat pasture lands in north part (Ramnakot, Dhaugoh, Khin, Thirpu, and Foimahadev) of district. Copper mine deposit is said to be located in Ryagil region and. A large deposit of Kinetic stone found at Bharta and other VDC.

4.1.5. The status of Land use

Table-3
The status of Land use

| | In Hectares | % |
|-----------------|-------------|------|
| Total area | 178030 | |
| Cultivable land | 18587 | 10.4 |
| Cultivated land | 16350 | 9.2 |
| Irrigated land | 4935 | 30.2 |
| Rainfed land | 11415 | 69.8 |
| Forest area | 111090 | 62.4 |
| Pasture | 45000 | 25.3 |
| Others | 3353 | 1.9 |
| Total | 178030 | 100 |

Source: MEEDEP Profile, Kalikot, 2009

4.1.6 Cropping pattern

-) Ghaiya/ paddy (soyabean/pulse as intercrop)-Wheat- Maize in Khet land
-) Potato-Maize for upland Lekh
-) Junelo/Kaguno/Buckwheat/Millet- wheat for dry mid-land (Palata resgion)

Palanta region including five VDCs: Khin, Dhaulagoh, Nanikot, Ramnakot, and Thirpu which are dry with lack of irrigation facilities, and food deficit areas of Kalikot but with flat lands. Raskot region including Syuna, Phukot, Sipkhana, and Mumra have fertile land growing food crops for Kalikot, called food store area.

4.1.7 Livestock

Livestock is a second economic activity after crop farming in the district. As per records available from District Livestock Office (DLO) the numbers of livestock in district are 3022; buffalo (cross 95), cow 2138 (cross 28), goat 188209 (cross 2129), sheep 8661 (cross 1196). Following table shows the quantity of production.

Table-4
Production of Selected Livestock Products

| S.N | Products | 2063/64 | 2064/65 | Change in number | Change in percent |
|-----|------------|---------|---------|------------------|-------------------|
| 1 | Milk MT | 1621 | 1675 | 54 | 1.5 |
| 2 | Meat MT | 205 | 249 | 44 | 11 |
| 3 | Wool KG | 9400 | 10413 | 1013 | 5 |
| 4 | Hide Pices | 256 | 369 | 113 | 20 |

Source: MEEDEP Profile ,Kalikot ,2009

4.1.8 Forest

The district level documents also revealed that the District Forest Office has implemented and declared the plans regarding to preservation and promotion of forest and utilizing the forest based resources. These activities are aimed to improve living standard of rural populations, to contribute to increase income of poor households, to promote ecotourism and harvesting and collection of forest resources. In Kalikot the numbers of CFUGs are 116 that cover 8176 ha of land and 22 percent of total households. The contribution of Dalit and women in CFUGs is by membership are 10 and 30 percent respectively. The CFUGs are formed on the base of micro saving modality and approach..

4.2 PRE-SURVEY CONSULTATION MEETING

Before survey and field study activities started in district/field level, a pre-survey consultation meeting was held. By this meeting the list of places (VDCs and market/growth center) to be visited was finalized. It was organized with close consultation with DDC and district level Association of Chamber of Commerce and Industry. For this purpose and to make the study more effective, a participatory and interactive meeting was held in each of district level offices mentioned. The pre-survey consultation meeting became successful to conclude about the places to be visited and name of resources to be focused by the researcher during study period; since there was active participation of DDC, Association of Chamber and Commerce and Industry, District Agriculture Office, District Forest Office, District Office of Cottage and Small Industry Board, financial institutions, local NGOs and selected entrepreneurs. In addition to District level consultative meeting, the researcher visited each offices concern individually and met and discussed with key persons. For the purpose of study three market centers and 04 VDCs are selected. It is postulated that the selected market centers and VDCS will represent 30 VDCs and other potential market centers of Kalikot covering two ecological belts (high hills, mid hills). Besides, the selected VDCs were represent as the basis of accessibility and remoteness, high and low human development index, different ethnic groups, advantaged/disadvantaged and population density. Based on above parameters, the following table is proposed as sample Market centers and VDCs.

Table – 5
Observed Market Centres and VDCs

| S.N. | Market C | VDC Name | HH | Total Pop. | Dalit Pop | Dalit % | JanJati Pop | Janjati% | Others | Other % |
|--------------|---------------|-----------|------|------------|-----------|---------|-------------|----------|--------|---------|
| 1 | Pilee | Gela | 657 | 4410 | 1095 | 24 | 0 | 0 | 3315 | 76 |
| | | Mugra | 616 | 3958 | 395 | 10 | 0 | 0 | 3679 | 93 |
| 2 | Mulpha,Bihani | Kalika | 763 | 4800 | 926 | 19 | 0 | 0 | 3874 | 81 |
| | | Gela | 630 | 3735 | 917 | 25 | 0 | 0 | 2818 | 75 |
| 3 | Mehelmudi | Mumra | 494 | 3221 | 868 | 27 | 0 | 0 | 2353 | 73 |
| | | Mehelmudi | 571 | 4325 | 716 | 17 | 0 | 0 | 3609 | 83 |
| 4 | Kumalgaun | Raku | 564 | 3574 | 1051 | 29 | 0 | 0 | 2523 | 71 |
| | | Kumalgaun | 817 | 5201 | 763 | 15 | 0 | 0 | 4438 | 85 |
| TOTAL | | | 6954 | 44014 | 8162 | | 0 | 0 | 35852 | |

Source: MEEDEP Profile ,Kalikot ,2009

A focused group discussion and information collection session was conducted among 04 VDC secretaries who provided detailed information and suggestions regarding resource availability, existing enterprises, and enterprises possible for extension in future Out of 18, 13 responded and made available information regarding their VDCs as per formats served by the researcher. Among the selected VDCs, Mehelmudi, Kumalgaun, Gela and kalika 17,15,24, and 19 percent Dalit populations' respectively. Likewise, Bharta VDC has 567 population of Magar (Janajati) only.

4.3 OBSERVATION SITES SELECTION

the researcher visited the officials, listed market centers fixed by DDC and discussed about information required as per MCs defined by DDC, only three MEs are selected for detail survey that cover 04 VDCs. At these 04 VDCs, 18 individual entrepreneurs are selected for detail discussion. Market centers are selected on the basis of density of population, dalit, poor community and others growth centers, transportation network and other economic activities. Based on these criteria, the groups of entrepreneurs are selected covering the business as hotel, tailoring, herbs, vegetable, and shoe making

4.4 REVIEW OF RELEVANT DOCUMENTS

In relation to completion of the study, various documents used and published by district level government agencies and other institutions are reviewed. As per the information and facts received, DDC has formulated a plan to extend the enterprises at micro level and other agencies have supported the plan and activities of DDC. As per annual plan of DDC 2066/67 mainly the activities related to feasibility study of study, providing apple plants to the farmers, establishment of collection centers to export the herbs and other forest products outside the District, and herbs conservation and utilization activities are planned to be implemented during the year. Other activities targeted by DDC are introducing of paddy and wheat thrashers, formulation of ME development fund guidelines to study about trout fish farming and to encourage to consume government institutions the herbal tea produced at local level by MEs.

In addition to above mentioned programs, DDC has approved the small and VDC level projects in close cooperation and funding of different NGOs. These activities are related to small irrigation, micro hydro plants, forest resource harvesting, livestock development, and providing livestock (goat, sheep, and bee) to the targeted entrepreneurs as well as in the sector of herbs processing and fisheries will be promote and deveop MEs in grass root level. This scenario proves that DDC is committed to preserved and utilize forest and other natural resources of optimum level.

4.5 DISCUSSIONS WITH STAKEHOLDERS AT DISTRICT LEVEL

District Development Committee

The interaction was mainly conducted with key persons of DDC, CIDB, DICA, NEDC, and other stakeholders and entrepreneurs. Through this interaction, it is found that potential sectors enterprise development identified are agro based, forest based, tourism and individual skill based enterprises. Another, important thing is that all stakeholders are relatively interested to promote the ME in Kalikot. To reduce the level of poverty from targeted households and communities, different agencies have declared various programs. This discussion also contributed to select market centers and identify the resources and to conduct focused study. People expressed views that crossing of Kalikot Highway from eastern part of Kalikot has created the opportunities for promoting and developing MEs. It is also informed that DICA had organized exhibition and fare to promote marketing of ME products and to encourage entering youths in MEs last year.

CHAPTER 5

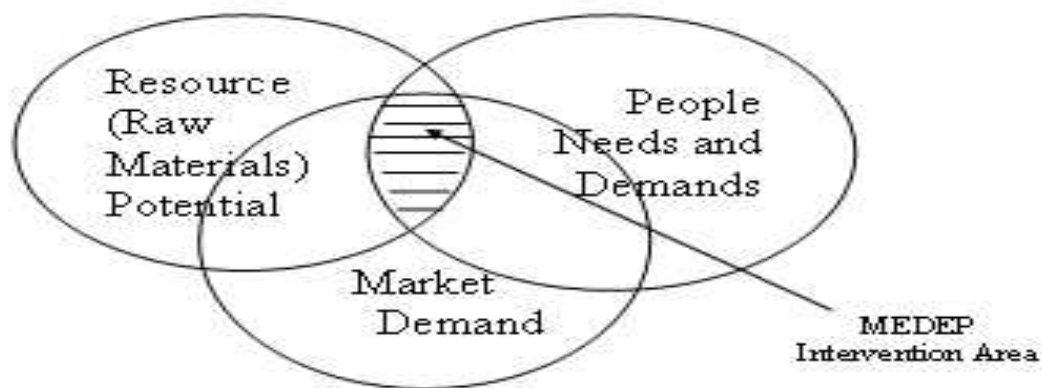
PRESENTATION AND ANALYSIS OF THE DATA

5.1 Demographic structure

Kalikot district has 129029 population, men 67946 (51.24), and women 64647 (48.76). Dalits comprising Damai, Kami, and Sarki constitutes 21.29 % of total populations, Janajati - Magar and Shrestha 0.44%. Thakuri, Bramhan, Kshetry constitute majority of populations. Magar is found in Bharta VDC, while Shrestha scattered in Manma, Bharta, and Nagma. Dalit is common population living in all VDCs They follow agriculture farming, and goat, buffalo, and sheep farming. A few people about less than 15 follow sewing and blacksmith works as their traditional occupation. Literacy rate is 38 percent for women and 54 percent for men. Some youth work outside dsitric- Dailekh, Surkhet, and neighbouring country India. A few people about less than 1 5 follow sewing and. Construction works in the roads has given seasonal employment to women and youth. Dalit youths have received education in the schools.Manma, Fukot, Sipkhana, Syuna, Raku, Bharta, Kalika, Gela, Sukatiya, Khin, Ramnakot, Dhaulagoh 12 VDCs are having high density of Dalit populations. Ramnakot, Dhaulagoh, Gela, Sipkhana lack of fertile land, Pasture, and restriction by Tibet region on pasture for Nepalis sheeps, and goat have been striking due to restriction fron Tibet for grazing facility. Dalit and other populations depend on external food supply. The district meets about 6 months of food from internal production.

5.2 APPROACH OF ANALYSIS

the researcher adopted broad based particularly qualitative as well as quantitative tools. The team made individual and focused group meetings with key persons and lead officials, business representatives, selected entrepreneurs, and experts and traders. Focused group discussion with VDC secretaries and DICA officials in Kalikot was conducted resulting information and suggestions on availability of resources, existing enterprises, and constraints.During the study period the consultant worked under the direct supervision of National Program Director through National Program Manager and the researcher felt a great pleasure to work closely with senior professionals of MEDEP. The supports, inputs, as well as co-ordination with other institutions through senior professionals of MEDEP were proved highly beneficial and appreciable to complete the given assignment successfully. The consultant followed the TOR provided by the owner. Before developing suitable methodology and tools attention was focused to understand the objectives and scope of the work. The experience of the consultant and study team members was fully utilized to accomplish the work as given in TOR. The study is focused to identify the area to be intervene by MEDEP; coverage overlapped by the three dimensions of resource or raw materials potentials, people need and demands and market demand to serve the interest of target group.



Demand driven model MEDEP

5.3 Potential for Tourism

From tourism perspective, there are some potential famous places in Kalikot from religious, cultural and tantric point of view. From religious perspective, Badimalika, Panchadewal, and temple of Devi (Manma) are famous. From external visitor's perspective visitors from other districts such as Jumla, Mugu, Humla, Dailekh, Surkhet, and Nepalganj travel via Karnali highway to Manma and other parts. Local visitor's from various VDCs visit Manma for dealing with official business and to buy and sell goods.

5.4 Water Resources

Water resource is one the important resources of Kalikot District. The River and other small rivers, and streams make up main source of water for farmland purpose. A five hundred KW hydro power is generated from Mugraha VDC, but 35 % of its power is utilized. At Chilkhaya 25 KW micro hydro power is generated. Besides these, there are 130 Ghattas (rural traditional turbine) in the district.

5.5 Agriculture and livestock based Resources

Regarding herbal products chiuri, silajit, satuwa, sugandhabala, padamchal, dalchini-tejpat, kutki, pangr and rittha are found enough quantities. Potato, food crops, fruits like apple, okhar and orange are major agro based products. Livestock based resources are goat, buffalo, sheep, cow, bee and products based on these are milk, wool, ghee and honey. The availability of quantities of these productions is sufficient for existing MEs except food crops. Per capita production of wheat, maize and paddy is around 65 to 75 kgs per annum each product. (For details see Annex-8)

5.6 Availability of Natural Resources in Selected VDCs

As per the information collected from 04 VDCs, major resources found by priority order on the basis of quantities are: i) Herbs; Kutki, Silajit, ii) Lokta and Allo, 3) Dhatelo and Bamboo, iv) Pangro, and Chiuri, v) Dalechuk, Khoto, Amala and wool. Major products made from these resources are herbal medicines and tea, handmade pape from Loktar, clothes, school and ladys' bags from Allo and Ketuki, oil from Dhatelo, baskets and furniture from bamboo, soap from Pangra, juice from Dalechuk, candy from Amala, rugs and carpets from wool, etc.

By quality point of view, most of the resources found are good and the quantities are sufficient for the existing enterprises approximately for 2 to 5 years' period. The detail of resources, qualities and other possibilities are given in the table below.

Table – 6
Availability of Natural Resource in 04 VDCs

| S N | VDC | Raw Materials available currently | | | Availability for 2-5 years | | Other Possibilities |
|--------|-----------|-----------------------------------|-----------------|---------|----------------------------|----|---------------------|
| | | Resource | Annual Quantity | Quality | Yes | No | |
| 1 | Kalika | Allo | 2500 Kg | 1 | 1 | 0 | Allo Processing |
| | | Lokta | 4000 Kg | 1 | 1 | 0 | Nepali Paper |
| | | Herbs | 200000 Kg | 1 | 1 | 0 | |
| | | Fruits | 45000 Kg | 1 | 1 | 0 | |
| | | Dhatelo | Abundant | 1 | 1 | 0 | |
| 2 | Kumalgaun | Chiuri | Abundant | 2 | 1 | 0 | |
| | | Silajit | Abundant | 2 | 1 | 0 | |
| | | Samayo | Abundant | 1 | 1 | 0 | |
| | | Kutki | Abundant | | | | |
| 3 | Mehalmudi | Silajit | Abundant | 2 | 1 | 0 | |
| | | Titopati | 2000 Kg | 2 | 1 | 0 | |
| | | Lokta | 2000 Kg | 1 | 1 | 0 | Nepali paper |
| | | Nigalo/Bamboo | 1000 Kg | 1 | 1 | 0 | |
| 4 | Gela | Herbs | Abundant | 1 | 1 | 0 | |
| | | Silajit | Abundant | 2 | 1 | 0 | |
| | | Dale Chuk | Abundant | 1 | 1 | 0 | Juice |
| | | Ketuki | Abundant | 1 | 1 | 0 | |

Note: (1= Good, 2=Normal and 3=Low)

Source: MEEDEP Profile ,Kalikot ,2009

of the herbal resources are exported without processing in raw form; since people are not familiar with scientific harvesting plan and technology and are less aware with the pros and cons of the pattern of harvesting and impact on such resources.

Table – 7
Availability of exportable resources in 4 V.D.C

| A. Agro based | Resources | VDC | Annual production | Local consumption | Surplus for export |
|------------------------|------------------|----------------------------|--------------------------|--------------------------|---------------------------|
| 1 | Apple | in all VDCs | 474 MT | 74 Mt | 400 Mt |
| 2 | Orange | Kalika, Gela and Mahelmudi | Potential | | Potential |
| B. Forest based | | | | | |
| 1 | Kutki | | 34 KG | | 34 kg |
| 2 | Padamchal | | 1544 KG | | 1544 kg |
| 3 | Silajit | | 130 KG | | 130 kg |
| 4 | Kurilo | | 718 kg | | 718 kg |
| 5 | Lokta | 4 VDCs | Feasible | Feasible | Feasible |
| 6 | Wool | 4 VDCS | Feasible | Feasible | Feasible |

Source: MEEDEP Profile ,Kalikot ,2009

In addition to above mentioned resources and their quantities, Timur is available in most of the VDCs and people use it in their kitchen and sell in the market.

About the availability of natural resources the survey, discussions and interaction were conducted at different levels and with types of stakeholders. As per the information provided by the district level industry and commerce association mostly these resources are found around Manma, Lenin bazaar, Padmaghat, Nagma bazaar and Jite bazaar, major market centers in the district. These market centers cover about 21 VDCs in peripheral areas. Main resources are Allo, Timur, Chiuri, Samayo and Lokta (seto badu). As per the information given Yarchagumba is found at Chilkhaya VDC. Most of these resources are exported to national and international markets in raw form.

Another stakeholder contributing to the development of ME is District Level Cottage Industry Board. As the documents reviewed and observed, major resources found in the district are Allo, lokta, timber of devdar, chiuri, dhatello, laligurans, and fruits and livestock. From ME development perspective, the quantities are enough. But due to lack of knowledge of conservation, preservation, processing and marketing most of the resources are sold as raw resources to the contract based traders. Existing enterprises are unable to process and sell the resources and to get justifiable price.

5.5 Identification of Market Centers (MCs)

In Kalikot, DDC/MEDEP has already identified 10 market centers covering three VDCs each by one market center and these are Manma, Syuna, Thirpu, Mehelmudi, Kumalgaun, Lalu, Sukadiya, Chilkhaya, Serebada and Nagmaghat. These MCs cover 30 VDCs, all area of district. These MCs are selected on the basis of road and track network, economic activities, coverage of service centers and existing number and volume of trading and industrial activities (details is given in table below).

Table-8
Market Centers of Kalikot

| S.N | Market Center | VDC | VDC | VDC | VDC |
|-----|---------------|-----------|-----------|----------|----------|
| 1 | Manma | Manma | Badalkot | | |
| 2 | Syuna | Syuna | Phukot | Nanikot | |
| 3 | Thirpu | Thirpu | Dhaulagoh | Khin | Ramnakot |
| 4 | Mehelmudi | Mehelmudi | Mumra | Sipkhana | |
| 5 | Kumalgaon | Kumalgaon | Rupsa | Raku | |

Source: MEEDEP Profile ,Kalikot ,2009

By survey and study, it is found that out of 10 market centers, mentioned above, four are more dense and have more potentiality due to addition in road network with Karnali Highway as well as increasing awareness and mobility of people. In addition to increment in population density and economic activities new market centers also have been emerged. Out of the four, two other market centers are Jitegada/Hulma in Bharta VDC and Nagma in Foimahadev VDC function as gateway market centers in district. The activities show that ME development programs should be focused on these concentrated and newly emerged market centers too. The brief description of these market centers is given below:

1. **Manma:** Manma is headquarters of Kalikot district. It is a prominent center of public service, commercial activities, health, and educational services to people of Kalikot. It has agro, livestock, and tourism based resources and products. The VDC itself produces vegetable, fruits, and milk. Enterprises based on devadar, sallo, and shoe making, tailoring also operate here. About 50 hotels and restaurants serve local as well as external visitors. It can be developed as tourism center for the district.
2. **Thirpu:** Thirpu is a market point linked by traditional main trail connecting Sunabada, and Machhalekh of Jumla district and Lamabazar of Bajura district. It is famous for fish, because it is said that visit Thirpu to eat Karnali fish. Goat and sheep farming is famous. Under this market centre Palata is sub centre; it looks like a dry desert place with flat land is being developed as economic centre.
3. **Khulalu:** Khulau is situated at Lalu VDC in west bank of Karnali River. It is the market center for Malkot and Rupsa VDC of Kalikot and linkage point of Bhanakot of Acham district. The local farmers use tobacco as pesticides in fruits and vegetable farming. Goat, fruits and beans are exported from this center.
4. **Mehelmudi:** Amtada bazaar at Mehelmudi VDC is emerging gateway of Raku, Rupsa, and Mumra VDCs of Kalikot, and Badimalika, a religious place of Bajura, and a few VDCs north of Achham district.
5. **Syuna:** Syuna bazaar is located in the middle of Kalikot district. It covers VDCs with fertile land. Local MEs produce spices, shoes, ghee which are consumed locally and exported in other VDCs. A local town planning committee works in this area. The district has designated this as Illaka level service center.
6. **Nagma:** Nagma is another dense market center to be focused. It is situated at Foimahadev VDC at the bank of Tile and Patarkhola rivers. This is located at the center of Kalikot as well as Jumla district. This center also covers the trading activities of Sinja of Jumla, and it is linked by Mule track with Humla and Mugu. This center is facilitated

with telephone lines, drinking water, hotels and restaurants and other different kind of shops. This is the collection center for Yarcha, Satuwa and Samayo and vehicles parking.

7. **Jitegada/Hulma:** A newly emerged market center situated at the bank of Karnali River. This center is situated at Bharta VDC and adjoining point of Pipalkot VDC of Dailekh. It covers 17 VDCs of Kalikot west from Karnali river and market center of food grain, herbs collection and other consumer items. This is the linkage point of Mugu, Jumla, Humla, Bajura and Acham too.

5.6 Service Centers

Service centers are the prime factors for the development of the MEs and market centers. These centers are particularly related to agriculture, livestock and forest services. Services are provided by the government agencies and sometimes by NGOs and INGOs through 22 service centers. Nearest distance of service centers from headquarters is 21 km and farthest distance is 54 km.

In addition to above mentioned components, physical infrastructures also have been considered while the study work was conducted. One of the significant infrastructures is road transportation. Karnali Highway can play a vital role for the development of MEs since out of total length of Karnali highway about fifty percent of road length fall in Kalikot district. It crosses through Jite/Hulma at Bharta VDC passing through Manma, Padmaghat and to Nagma. Other infrastructures needed to be developed for MEs are availability of micro financial institutions, communication facility, power, training centers, and technical support services.

For sustainability and expansion of MEs in Kalikot district, these infrastructures are felt inadequate due to remoteness, insufficient transport and communication services, insufficient technical and financial service centers and insufficient supply of powers.

5.7 Identification of Target Groups

5.7.1 Land holding size of populations:

Total households of Kalikot are 18487 with 6.98 household size. Out of these number of HHs in selected VDCs is 8737, represents 47 percent of total households in the district. Out of these HHs in selected VDCs, 2210 (25%) are with landsize of more than 30 ropani, 2989 (34%) are with less than 30 ropani and rest 341(4%) are landless. Out of 341 landless households, 155 (45%) HHs are from Dalits. The number of Dalit HHs having more than 30 ropani is 235. Dalit households having less than 30 ropani of land is 265. Out of total households surveyed, number of Dalits HHs are 655 (7.5%). Detail is given in Annex-9.

5.7.2 Occupational Structure of Dalit Populations

Basically occupational structure of Dalit community is composed by tailoring, Iron works, shoemaking and others (goldsmith, house making, hair cutting). In selected VDCs in total 988 Dalit HHs are found involved in different traditional as well as new occupations. About half of the populations are involved in tailoring; the second occupation is iron works, and coverage of this occupation is 29 percent. Third one is shoe making and coverage of this is 6 percent and the rest are in different occupations. By occupational distribution Jubitha VDC shows slightly different figure. Among 71 households, 35 (50%) are involved in shoe making, second one is tailoring and third occupation is iron works. Details are in Annex 10.

5.7.3 Scope of Forest Groups Involving in MEs

As information received during the study period the Dalit communities are also involved in community forestry groups. Out of total members in CFUGs 10 percent are found Dalits. Regarding this, WUPAP has facilitated to make involvement of Dalit in leasedhold forest groups.

In the process of study, it is found that the availability of resources in the district is selectively enough (Annex -12). Quality of resources is found good. The number of Dalit community, women and youths is increasing. However, about two third youth (aged 16-29) populations are underemployed and youths are involved in foreign employment specially a major part is worked in India and rest in Arabian countries. (See Annex - 11)

So the prospective of ME, development is found potential. In selected VDCs different types of resources based on agriculture, forest, agroforest, and livestock are available for existing enterprises and enterprises to be established in near future. Presently the number of enterprises that process available natural resources are not sufficient. It shows the possibility of extension of MEs that may provide the employment as well as market for the products produced by different target groups. In selected VDCs, it is estimated to establish additional 83 enterprises coming in years' period. Out of these micro enterprises more than two-third are estimated from Dalit community.

5.8 Harvesting and Preservation of Resources

Harvesting is a significant component of resource promotion, development and utilization. A proper and matured harvesting practice contributes to conserve and preserve the resources and products and to maintain quality of products. In Kalikot district, the flowering and fruiting season for most of the herbs and plants is August to March. To preserve the species of the resources and to maintain sustainability of the resources it is important to know about the maturity period of resources that they can produce the seed before harvesting. But the users have less knowledge about the importance of harvesting of resources. So they sometimes harvest the immature resources before flowering and fruiting time that may cause to destroy reseeding capacity of resources as well as damage of resources at the time of preservation that may hamper to maintain the quality of products too.

In order to harvest the forest based resources- herbs and NTFR in a sustainable manner, the district forest office has made annual projection for supply of herbs and NTFRM during five years. Projected quantity indicates that the district has abundant forest resource which can be exported. In addition to the plan, more than 50 percent of the resource are produced and exported informally

5.9 Marketing Linkages of Natural Resources and ME Products

Enterprises, individuals, and traders are main agents of supply of resources and products. Identified local market centers are Manma, Jite, Padmaghat, Nagma, Syuna Thirpu and Mehelmudi. Connecting regional markets are Surkhet (immediate) and Nepalgunj (export to India and overseas). Producers of herbs and NTFR sell their products at prices offered by individual traders who fix prices themselves without any justification.

As the information given by local traders some products are exported to regional and international markets, the major products are Padamchal, Sugandhawal and Kutki. During fiscal year 2065-66 the quantities exported is estimated to 1000 quintal of Padamchal, 500 quintal of Sugandhawal, and Kutki 30 quintals, other are Bishjara, Chiraito and Timur 20 quintal each. Similarly during the year livestock products are also estimated to export upto 1000 of she-goat, 930 mt of ghee, and skin and radipakhi 100 pieces each.

As per the study report of TPC (2058), some products are identified to export India and third countries. The report has estimated the annual production, local consumption of such resources and export potential quantities too, as VDC wise. These products are agro based and forest based. Agro based are apple and orange basically were found in Manma, Gela and Daha VDCs. Out of these 74 percent products are consumed at local level and rest is potential for export. Forest based products are Padamchal, Lokta, Kutki, Kurilo and Silajit. Most of these products are potential for export; local consumption is nominal.

5.9.1 Domestic Marketing Links

Off season vegetables, potato, bamboo/Nigalo, Allo products, Ghee, Goat, woolen products, spices, herbal soap, herbal spices are exported to Surkhet and Nepalgunj within the region. As Karnali highway came in operation, increased quantities of these resources and products have got access to the domestic markets

5.9.2 Linkage of Local Products to Export in International

Based on the overview of national level statistics, some products are identified to export to third countries from Kalikot district. In national level Soyabean, some vegetable saps, coloring matters of plants, tanned hides of goat, knitted hats, Pachak, Noodles, Nepali handmade papers are exported to Japan, Germany, Malasiya, China, France, Bangladesh, UK and USA. Other products are seed plants lemon, incense stick and woolen rugs. Out of these resources and products from Kalikot natural honey, soyabean herbicious plants, resin and vegetables saps, dalechuk and Amala juice, coloring plants, incense sticks, handmade paper and hand woven rugs are feasible resources and products to export in such countries

5.10 Channels of Supply

The market activities are performed at different levels. Channels of supply play a vital role to promote the marketing of products and resources. In Kalikot role of market agents played by individuals, groups as well as private traders. Most of the resources are harvested and collected by individual farmers but the forest based products are conserved and harvested by forest user groups.

Private traders collect the resources at different market centers and export to regional as well as national markets. Regional as well as national stokists export the resources and products to international markets. Major regional markets are Jumla (for apple), Surketh, and Nepalgunj.

5.11 Information Collected from Individual Entrepreneurs

To dig out the actual information from grass root level, information is collected directly from 48 individual entrepreneurs and informants. The information is related to (i) ethnicity involvement, (ii) educational status, (iii) number of family member engaged, (iv) total number of human resources involved, (v) type of skill used, (vi) name of raw materials used and consumed, (vii) sources of raw materials, (viii) scope of market for receiving raw materials, (ix) network of raw materials, (x) preservation of raw materials, (xi) names of products, (xii) numbers of human resources and source of capital, (xiii) cost of raw materials, (xiv) total functional days during a year, (xv) future scope or probability of extension of business and (xvi) issues and problems faced by the entrepreneurs. Among 48 respondents selected are sample representatives, from Dalits 10, Terai origin 4, Janajati 6 and rest are from other ethnicity groups. The brief description of finding about the matters mentioned is given below:

1. **Individual Entrepreneurs by age group:** Among total respondents, 14 (29%) are from 21-30 years age group; 14 (29%) from 31 – 40 years age group, 16 (33%) are from 41 – 50 years.
2. **By ethnic group:** Twelve percent are Janajati; 21 percent are Dalits. By literacy point of view 83 percent are under SLC, 8 percent respondents are SLC passed and 8 percent are Intermediate and Bachelor.
3. **By family member involvement:** out of surveyed, in 33 percent enterprises the involvement of family members is optimum, 4 percent enterprises contains three persons involvement.
4. **By skill and technology:** Thirty seven percent entrepreneurs use traditional knowledge and skills, 63 percent use modern technology.
5. **Raw materials:** 83 percent of raw materials are purchased from local market and 17 percent are from national market. As cost involved for raw materials; 58 percent enterprises spend less than Rs.50,000 annually; the capacity of 17 percent enterprises is in between Rs.51,000 to Rs.100,000 and 17 percent spends more than one hundred thousand.
6. **Constraints/Limitation and Issue:** Out of the surveyed entrepreneurs 8 percent expressed that there is lack of raw materials, 12 percent said there is lack of market, 29 percent expressed lack of technology and training and 42 percent said they have lack of financial resources.
7. **Product:** Of the total surveyed enterprises 31 percent produce of the value equivalent to Rs 101 to 200 thousand and 25 percent above Rs. 201 thousands and 38 percent less than 50 thousand. Of the total enterprises 25 percent are restaurants, 27 percent are vegetable sellers, 8 percent are goat keeper, 4 percent are hair dressers, 17 percent are based on furniture works and rest are in bamboo craft, Allo processing, apple selling and herb collection and selling.
8. **Capital/Fund and Production and Sales:** From capital structure and financial resource point of view, 92 percent use their own capital (equity), and rest use financial support from the local money lender and financial institutions.
9. **Use of Power and Working Days:** Out of surveyed MEs, for power/fuel 46 percent use electricity and 54 percent use local resources for fuel. The working days of 63 percent MEs is 300 days a year.
10. **Future Scope and Plan:** Regarding future scope and plan, 63 percent have prepared future action plan, 4 percent need modern technology to enlarge their business and rest have not any such plan. Eighty eight percent entrepreneurs are satisfied with their work and business.
11. **Potentialities:** Adequate availability of resources, Local, National, and International market (India and third country) is available for specific products.

5.12 Issues, Constraints and Interventions

1. Issues and constraints are identified and categorized as policy to conservation, institutional, and enterprise related.
2. Prevailing laws are Enterprises Development Act, 2049 (1992), Local Self Governance (LSGA) Act 2055 (1999) and related regulation, Forest Act 2049 (1992) and regulation and Cooperative Act 2048 (1991). New ME Policy 2064 (2007) has been adapted. But still gap is realized, because of there is no any separate ME Act is formulated. The Forest Act and LSGA are not clear about the harvesting of forest based resources to use by micro-enterprises. Due to this non-harmonization and insufficient coordination between forest act and LSGA has created the conflict and environment to misuse and non-use (wastage) of available resources and materials. Similarly, the use of Cooperative Act has not applied in favor of MEs development
3. Less knowledge regarding the conservation of resources, eco-friendly harvesting pattern, absence of listing and registration of available natural resources, lack of harvesting and collecting guidelines, and weaker monitoring and coordination mechanism are major issues. So it is suggested to formulate conservation, harvesting and collection guidelines and manuals, to register and keep their resources and their species available, establish a proper mechanism of monitoring, educating, and coordinating the activities related to development of MEs among the district level agencies and stakeholders and in vertical level up to central agencies. In addition, it is suggested to develop a curriculum and start to provide education at school level too.
4. Problems and issues in connection to promotion of MEs are concerned with the availability and flow of financial resources, use of technology, management, and marketing related capacity of entrepreneurs, availability of technical, and support services. As per views expressed by individual, enterprises are lack of training, in absence of financial institution in rural area, insufficient legal provision regarding the conservation and harvesting of resources and lack of knowledge and skill of record keeping, marketing and other managerial issues. Some expressed the views that there are insufficient infrastructures (transportation, communication) and logistics. Regarding these, they suggested to expand the financial and micro financial institutions to provide training and logistics equipment and tools and to establish the units for providing support services at market centers.

5.13. GENARAL SITUATION

Kalikot is a middle range mountain district with a majority of forest 62 %, 9 % cultivated land and 25% pasture/Kharka with about 68% households living below annual income lower than 50 thousand Rupees. It is rich in biodiversity water, forest, soil, crops and livestock. Sub tropical, warm, temperate and a small part of alpine climate and topography agro forestry, and livestock, fresh water fishery are potential activities. Thirteen VDCs, households earning less than 30 thousand annually classified as below poverty line is 68 % in the district (table-10).

Table-9

| | Name of VDC | Income in (000) | | | | |
|---|-------------|-----------------|------|----------|----------|--------------|
| | | 75+ | 50 + | Below 50 | Total HH | % of HH < 50 |
| 1 | Kumalgaun | 56 | 150 | 409 | 615 | 67 |
| 2 | Gela | 32 | 60 | 448 | 540 | 83 |
| 4 | Kalika | 49 | 65 | 955 | 1069 | 89 |
| 7 | Mehalmudi | 50 | 100 | 639 | 789 | 81 |

Source: MEEDEP Profile ,kalikot ,2009

Dalit comprise (27467) 21% and Janajati less than 1% of the populations. Principal occupations of populations, although actual data is not available, more than 91 % are engaged in agri and livestock activities, out of them 90 % are dependent on forest resources and products directly or indirectly. About 2 % are engaged in industry, trade, and rest are employed in service sectors- trade, construction, government, non government and foreign employment. Based on information from 04VDCs occupational structure of the district can be given below. By ethnicity Dalits and Janajati are equally busy in agriculture and livestock besides their traditional occupations.

The district level government organizations are found fairly acquainted with ME program. The DDC and VDCs, main agents of program are also known to this program. Industry and Commerce Association is positive and active in promoting this program

5.14. Major Natural Resources of Kalikot

Major resources identified are forest, agriculture and livestock based. Available quantity is relatively enough and quality is good for the use of MEs.

- a) **Forest Based:** - Forest based resources are Allo, Lokta, Ketuki, Dhatello, Dalechuk, Timmur, Samayo, Pakhanved, Sugandhawal, Padamchal and Devdar, Sallo. Hand made paper is very popular product and more than 90percent of the production is exported to regional as well as national markets.
- b) **Agro Based:** Agro based resources are mainly fruits, vegetable, and potato. Major quantities are consumed locally. Some of these products are exported to adjoining districts, and regional markets.

- c) **Mine Based:** - Regarding mine based resources are Kynetic stone, and slate. Kynetic stone is found in all VDC which is collected informally by local people and exported to Surkhet and Nepalgunj. Slates are exported to Surkhet and adjoining districts.
- d) **Livestock Based:** - Livestock is second business after agriculture. Goat, sheep, buffalo, and cows are major livestock resources. Major products from livestock resources are ghee and wool, a nominal quantity is locally utilized and a major portion is exported to Surkhet and Nepalgunj via Jite gada.
- e) **Water Resource Based:** In this district two micro hydro power plants are in operation. In addition to these, there are 75 Ghattas (traditional water turbine) in 8 VDCs providing employment to local people.
- f) **Tourism based:** The district consists natural and cultural resources for promoting tourism industry. Main resources are Karnali, and Tila River. A famous fountain called Pachal Jharna is located in Ramnakot VDC. Deuda a cultural tradition is famous among Bramhin and Chhetri.

Most potential resources are based on forest, agriculture and livestock and mine. In most of the VDCs their quantity is enough with good quality. Out of the available resources community, leasehold, private forest and agro forest, and agricultural groups are realized more potential for ME development purpose.

Samayo/Sugandhwal, Kutaki, Chiraito, Padamchal, Bhulte, Satuwa, Bish, Kurilo, Dalchini, Timur, Tejpat, Sishnu, Lokta, Amala, Ghodamarcha, Gurjelahara, Dalechuk/Tarachuk, Dhatelo, Hatejadi, Sajiwan, Devdar, Sallo resources are available. The supply of milk is insufficient in headquarter.

5.15. Tourism Potentials

Kalikot is potential place for tourism development. There are various places; historical and religious places for tourism. Manma is a destination for internal and external tourism. Extension of local products presently made from Allo and Ketuki such as small hand bags for ladies, and school bags are popular for local as well as external visitors.

5.16. Harvesting and Conservation of Resources

Herbs such as Sugandhwal, Samayo, Satuwa, Padamchal, and Timur are harvested during August to December and NTFRs like- Allo, Lokta, Ketuki, and Bambo. Nigalo are harvested during August to March. The conservation of the resources also depends on the mode of harvesting. Preservation of harvested resources is main problem faced by entrepreneurs. Premature harvesting may cause the damage of resources and haphazard harvesting may cause damage of resource base of MAPs. Local people lack *training and technology* to use *resources*. Timely harvesting, measurement of quantities, and maintenance of quality of these resources at collection, storage, and marketing stages *lack proper attention and plans*.

5.17. Market Demand:

Most of the products are sold in local as well as regional, national, and international markets. The specific products like Allo, Lokta, Timur, Nepali paper and other herbs are exported. Goat, Ghee, Honey are sold in regional as well as national markets through informal marketing network. If qualities improved remarkable quantity can be exported in international market. From national marketing point of view, Juice, Honey, Allo, Herbal Soap, Bamboo products,, locally woven clothes made from allo and Ketuki, small bags, Kynetic stone,, handmade paper, ginger and ginger products, apple and orange products, herbal tea, incense sticks etc are identified products basically produced by micro enterprises. These products are exported to India and third countries in limited quantity.

Herbs, handicrafts, ghee, and offseason vegetables may be niche items of exports to India, for which Kalikot district is potential for production. Export of goat and goat skin, and juice made from Dalechuk, and Tarachuk may also be included. Besides these, herbal soap, herbal spices, herbal tea may also get access to Indian market. Export and import of selected commodities that goat skin, Nepali paper, medicinal herbs have good prospects for export.

5.18. Policy Constraints and Interventions

Prevailing laws are Enterprises Development Act, 2049 (1992), Local Self Governance (LSGA) Act 2055 (1999) and related regulation, Forest Act 2049 (1992) and regulation and Cooperative Act 2048 (1991). New ME Policy 2064 (2007) has been adapted. But still gap is realized, because of there is no any separate ME Act is formulated. The Forest Act and LSGA are not clear about the harvesting of forest based resources to use by micro-enterprises. Due to this non-harmonization and insufficient coordination between Forest Act and LSGA has created the conflict and environment to misuse and non-use (wastage) of available resources and materials. Similarly, the use of Cooperative Act has not applied in favor of MEs development.

5.19. Entrepreneurs' Perceptions

On the basis of personal information collected at Mehelmudi, Kumalgaun, Gela and Kalika following results were received. Out of 48 Individual observations, based on interview comprising Janajati 6, Dalits 10, Others 28, and Terai origin 4. 40 received raw materials from local market, 8 from outside, 44 managed enterprises on self finance, 4 from institution and 2 from private lenders. 40 were under SLC, 4 SLC and 4 Intermediate entrepreneurs. 10 enterprises run before 2 years, 26 between 3-5 years, 10 enterprises run above 10 years. The enterprises composed of 28 agro based, 8 forests based, 4 tourism based, 6 leather based, 2 Arts based. According to them main problems reported were:

-) 8 expressed lack of raw materials
-) 6 lack of market
-) 14 lack of training and technology
-) 20 lack of finance

5.20 Potential Enterprises

- a) Forest based resources are abundant and community users groups representing about 23 percent of total households at present are engaged in using forest based

products like wood, aromatic plants, herbs and rearing livestock is the first employer for poor rural households. Kalikot Forest Office plans to include additional households under community forestry scheme will create additional employment through forest based enterprises.

- b) Agro based activities such as cauli flower, cabbage, brinjal, green leafs, tomatos) in Mehelmudi, Kumalgaun, Gela and Kalika and apple, orange, lemon Okhar and honey are possible to expand. Other high value spice crops garlic, onion, dhaniya are possible for expansion.
- c) Livestock based activities: goat, buffalo, sheep and cow are potential enterprises in middle range and fresh water fishery (cage and without using explosives to catch) around Karnali, and Tila and other Kholas look possible for extension.
- d) Herb collection, farming, and conservation will be possible for extension in CFUGs , lease hold, and private forests which the forest office is giving priority for promotion, and development.
- e) Cottage industries based on wood (Devdar, Sallo), herbs, NTFR (Allo, Lokta, bamboo, Nigalo), Juice extraction from Dalechuk/Tarachuk, Oil extraction from Dhatello, Devdar, Radi pakhi, Lue and bag making are found potential MEs involving Dalit, Janajati and other people.
- f) Kinetic stone, and slate stone collection and management in Mehelmudi, Kumalgaun, Gela and Kalika will be possible by establishing an institutional set up like -Cooperative made from local households.
- g) There are 75 Ghattas in different VDCs based on water sources, the energy section plans to exten another 200 in 2066/67. The water sources available to Ghattas can be explored to use as a source of irrigation in some dry VDCs like: Mehelmudi, Kumalgaun, Gela and Kalika to expand agricultural crop production.
- h) Food and milk processing units in Manma will be feasible. In some VDCs- Mehelmudi, Kumalgaun, Gela and Kalika along basins of Karnalia and Tila rivers fresh fish raising can be explored.
- i) Apple processing and preservation in kalika are potential.

5.21. Marketing of resources and products

- a) Forest based resources and products are almost exported.

- b) Demand for herbs, and NTFR is high in external markets=India, and overseas as shown by statistics of Export and Trade Promotion Center 2007/8.
- c) Some products - oil and juice(made from local resources) have good market potential within the region of the country.
- d) Timber products- furniture and house building woodlots are used locally, and exported to Bajura, Accham, and Surkhet.
- e) Agro products: vegetable, fruits and Jam are consumed locally and still deficit.
- f) Livestock products: milk, meat, ghee, fish are consumed locally. Goat and Ghee are exported to Surkhet.
- g) Handicrafts: baskets, Radipakhi, small ladies bags are consumed locally and 65 % are exported.
- h) Mine based shining stones are exported illegally from Bharta to Nepalganj

. 5.22. Problems and Probable Solutions of MEs

As per information collection from 4 VDCs probability of enterprises and their problems are given in the table below indicate most of the problems are related with lack of training, technical support and finance.

Table-10
Problems and Solution of the Enterprises

| SN | Name of VDC | Name of Enterprise | Possibility | Problems | Solutions |
|----|-------------|--------------------------------|-------------------------|---------------------------|---|
| 1 | Kumal gaun | Radhi/Pakhi/ Galaicha Industry | Raw Materials Available | Lack of Training, Finance | Management of Training and Financial services |
| | | Furniture industry | Lumber Available | Lack of Fuel and finance | fuel and financial management |
| | | Fishery | Available | Lacking support | Financial support for equipments |
| 2 | Gela | Fruit Processing | Fruit Available | | |
| | | Herbal Tea | Available | | |
| | | Herbs Processing Center | Available | | |
| | | Furniture industry | Available | | |
| 3 | Kalika | Nepali Paper Industry | Available | Lack of Training, Finance | Training |
| | | Herbs Processing Center | Available | Lack of Training, Finance | Training |
| | | Fruit Processing | Available | Lack of Training, Finance | Training |
| | | Furniture industry | Available | Lack of Training, | Training |

| | | | | | |
|---|---------------|----------------------------|--------------------------------|-----------------------------------|--------------------------------------|
| | | | | Finance | |
| | | Bee keeping | Available | Lack of Training, Finance | Training |
| | | Kinetic | Processing Center | Legal Authority | To be legalized |
| 4 | Mehal mudi | Herbal | Herbal Processing Center | Legal and Economic Lackings | stoping illigal works |
| | | Fruit Processing | Available | Legal and Economic Lackings | stoping illigal works |
| | | Furniture industry | Available | Economic Lackings | Training |
| | | Bee keeping | Available | economic lackings | Training |
| | | Metal works/traditional | Available | Training and Economic Lackings | Training and Financial Support |
| | | Pani Ghatta | Available | Training and Economic Lackings | Training and Financial Support |

Source: MEEDEP Profile ,Kalikot ,2009

No specific programs are formulated to develop the micro enterprses development at local level. Micro enterprise development program related activities are mixed with other industry and cottage industry based. No specific funding provisions have been made. Existing policy also does not compell to make the special funding provision for thepment of micro enterprses.

5.23. Alliance and Market Linkage

Micro enterprise development is coordinated by DDC, and implemented by different agencies- DCIB, NEDC, enterprise development fund (EDF),DICA, DFO, DAO, DLSO under local, government, and external support (WUPAP, SNV.PAF). It is observed that the cottage industry development board, forest, agriculture and livestock from government side and district association of industry and commerce, federation of community forestry user groups, agriculture, and livestock groups on private side separately. It lacks coordinate, use technical and financial resources to develop micro enterprises based on local and indigenous resources, and protect and conserve them for continuous supply.

5.24 Support Services

Micro entrepreneurs reported that they lacked technical and vocational training suitable to run and manage enterprises. DCIB provides training on cottage industries, DICA provided training to youths, a private technical training institute at Manma provides training on public health, and NGOs provide training on agriculture, beekeeping, and social mobilization, DFO

provide training on forest management, DAO on vegetable, horticulture, and pest, Livestock office on disease control, fodder, and management.

Rastriya Banijya Bank and Agricultural Development Bank Ltd are two banks having branch at Manma. RBB is busy with banking transactions for government, and other institutions. ADBL has operation at Manma with loans outstanding at 5 million Rupees during 2066 Ashad. Women development office has promoted three women cooperatives. The agriculture office has record of cooperatives totaling 61. Financing institutions lack in other places except Manma that also provide a very limited credit and financing services to rural population

Technical training institutions lack. A few NGOs provide limited number of training, which are far short to meet knowledge and skill gaps of potential ME entrepreneurs. According to 13 VDC secretaries status of services available is given below (table-12). The financing service is provided by cooperatives in VDC areas because Agricultural Development Bank Ltd. and Rastriya Banijya Bank are confined at Headquarters Manma. Following table will demonstrate lack of support services in the selected VDCs

Table 11
Availability of Support Services

| SN | Name of VDC | Technical Consultation | Training | Finance | Others |
|----|-------------|------------------------|----------|---------|--------|
| 1 | Kumalgaun | 1 | 1 | 1 | 1 |
| 2 | Gela | 0 | 1 | 1 | 1 |
| 3 | Kalika | 1 | 1 | 1 | 1 |
| 4 | Mehalmudi | 1 | 1 | 0 | 0 |

Source: MEEDEP Profile ,Kalikot ,2009

Himchuli multipurpose cooperative ltd established 2065/6/6 at Manma Kalikot is identified as a potential institution for making financing alliance with micro enterprise development program in the district. It has about 3000 shareholders in all 30 VDCs of the district, is managed by Youth officials. It has completed installing 14 biogas plants at Mehalmudi, Kumalgaun, Gela and Kalika VDCs, completing five small irrigation schemes in. Mehalmudi, Kumalgaun, Gela and Kalika It is going to open consumer store, and money transfer service counter at Manma. It has trained local people in Allo processing, milk processing, housewiring, and furniture to Dalit, and low income earners. It has distributed fruits' plants (Aru, Okhar, Naspati, Alubakhada) in 15 VDCs. There are no cold stores and chilling centers in the district;. To build such infrastructures, no joint effort is made by local bodies, private business associations and entrepreneurs and communities

CHAPTER 6

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

6.1 SUMMARY

The study was conducted under a designed framework. To analyze and assess the status and situation, quantitative as well as qualitative data and information were collected through primary as well as secondary sources. The field level study was conducted in three layers; first in district, second in VDC level and third in enterprise or individual. Before survey and field study activities started in District level, a pre-survey consultation meeting was held; published and unpublished documents in district level were reviewed. After completion of field survey post survey validation meeting was also held. In VDC level detail (close and open ended) check list and survey questionnaire were used and VDC secretaries were surveyed with FGD technique. The main objective of this study is to analyze the natural resource potential, market demand and target group in Kalikot district by exploring and analyzing the local resources that were more potential for enterprise development with reference to quantity, availability, and geographical locations. It analyzed policy issues and constraints, VDC wise demographic structure of the district to identify the target groups, and rural market centers and make assessment for determining potentials of micro-enterprise development and employment generation in each VDC. It analyzed possibility of development for local resources based micro-enterprises to export by linking the micro-enterprise products and services to rural, to district, to regional, and to national and international markets. Considering the scopes given by TOR, the Team reviewed the micro-enterprise-related policies, laws and relevant documents with reference to use of natural resources, held strategic discussions with district level stakeholders to examine natural resources, market situation and target group, to identify the potential markets, the potential target groups, and assessed the existing natural resource based enterprises; and recommended the major resources that can be useful for establishing enterprise. The study analyzed the resource availability by quality and quantity and its utilization pattern with reference to time, regulation, and geographical coverage. It recommends resource use and its conservation management strategy for sustainable use of resources.

The marketing component in any business or enterprises is perhaps the most important element. This vital component is however found to missing by most of the entrepreneurs. Most of the micro enterprises development program are focused only credit and skill training or entrepreneurship development training. They can not focus the needs of marketing management. The process of marketing involves identifying buyers, their needs, taste, and preference, converting buyer needs into goods and services and delivering the goods and services to the buyers to their utmost satisfaction. Entrepreneurs should also have necessary information about their customer capacity and willingness to pay for products and services. Promotion is another activity that entrepreneurs should undertake and there is a need to introduction of the products and services to the ultimate customers. As the outcome of all these activities entrepreneurs will have to select and established appropriate sales outlets.

The study examines the product and services marketing by entrepreneurs. Through the case study of MEDEP area in Kalikot district it is concluded:

-) The occupational patterns of the respondents have been changed after joining the MEDEP. People are diverted towards directly income generating activities like micro/small enterprise.
-) Some of them have already done such type of entrepreneurial activities before launching the MEDEP. After launching the program it run smoothly.
-) Self employment opportunities have been created through the creation of micro-enterprise which stopped the family member to work as a labour outside home to some extent.
-) The main purpose to establish micro-enterprise is economic self dependency which consist 38.57 percent.
-) Most of the respondents have started their enterprise by investing small sum of capital up to 5000 which consist about 68 percent, and only 4.29 percents of respondents invest above Rs.25000. Which is mostly managed in borrowing ADB/N.
-) Most of the micro entrepreneurs use locally produced raw material in their enterprise which is available in local market. They also depend upon local market to sale their products. So there is a need of market linkage in raw material purchase as well as sale of the product.
-) Entrepreneurs sale his/her product by him/her self in the market. Due to the lack of market information most of the entrepreneurs are not aware of their actual demand in other market.
-) Sales promotional activities are found to be non-existed. The concept of advertisement was not introduced and the market depends on "Supply creates its own demand by itself".
-) Some production oriented enterprises like Bambo craft enterprises (Naglo, Tokary, Muda etc), Dalmoth, Papad, Potato Chipes, Agarbatti are highly potential from the point of view of raw-material availability.
-) There are high market potentiality of vegetable venders.
-) Herbal Tea making enterprises are also popular in the district which can be expanded
-) With the small amount of credit entrepreneurs are facing some problem to expand their enterprise in proper manner.
-) In the case of credit sales entrepreneurs faced some problems to collect the money, they have also some bed debts.
-) Although, the income level through enterprise is well. Where 71.43 percent of respondents have very well income through enterprise. Whereas, 31 percent of respondents were able to save money after consuming.

) Living standards of the people have been increased and people are getting the positive response from the society. Saving the money by the people (Entrepreneurs) have been increased day by day.

) **7.2. Conclusion**

Thus in overall: MEDEP has been successful to create entrepreneurship awareness to the local people which help to improve the living condition of the targeted groups specially, women and deprived groups in the society. Through the small sum of money and such entrepreneurial skills were able to benefit a lot. But much attention is needed in the field of marketing specially, in potential market, market information, market linkage, availability of raw materials and credit facility.

6.3 RECOMMANDATION

6.3.1. Market Center Development

It is recommended to focus first group of 4 market centers Kumalgaon, Mehelmudi, Gela and Kalikawith more Dalit households, poverty stricken areas, lacking irrigation facilities, and adequate support services from forest, cottage industry, agriculture, and livestock offices for ME development. The market center covering Thirpu with dry areas requires irrigation facilities and Syuna market center with fertile land require intensive agriculture- livestock program.

Second group consists of four market centers Manma and Jite/Hulma, having considerable enterprises around these centers propelled by road connectivity, proximity to district headquarters and presence of security posts. These centers should be developed with processing, manufacturing, technical, and financial services. Herb collection and processing center at Manma will facilitate local herb collectors to fetch just price and Ayuvedic hospital.

Six market centers be selected as potential growth centers in the district

- a. Manma- headquarters of district, center of collection of herbs, fruits, vegetables, milk, meat, and hotel services.
- b. Jitegada/Hulma- gateway to and from Dailekh- Jumla, and 17 VDCs of western Kalikot beyond Karnali River.
- c. Nagma - crossing gate to Jumla, Mugu, and Humla
- d. Thirpu- traditional route to Jumla and Bajura
- e. Syuna/Lenin Bazar- central part of district, Illaka level service center, developing township and fertile area.
- f. Khulalu- meeting point of southwest VDCs of Kalikot, and Achham district, and potential lproduction and collection center for livestock and agro based products.

6.3.2. Establish Workable Alliance among stakeholders

DDC, DFO, DADO, CIDB, DLO, DICA etc major stakeholders to promote enterprises have been coordinated at present by DDC, an over busy local governing body. The technical and marketing parts of the programs are not found to be well coordinated. Licensing of forest based and mines located in government forest areas are presently made by DFO. But local governance act 2058 also stipulates authority over natural resources, it creates anomalies. The regulations governing CFUGs that can utilize forest resources are also lack clarity among local members due to lack of knowledge and skill on identifying and economic utilization of forest resources and products. Study team feels that technical part should be linked with CIDB, and marketing part with DICA.

6.3.3. Develop Proper Marketing Channel

The wholesalers of herbs, NTFRs, and ME products fix prices for forest products to local producers. Private traders buy these products from individuals in places- Manma, Jite, Nagma, Thirpu, and Padmaghat. The local producers lack knowledge about real prices of herbs, NTFR, and products from MEs. It is due to lack of pricing mechanism of these resources and products in the local market centers. Producers of herbs and NTFR have to sell products at prices fixed monopolistically by individual traders. Situations have led to keep marketing of forest based resources and products mostly not in favour of large number of micro sellers.

6.3.4. Provide Awareness Building and Training Programs to Potential Target Groups

Users of CFG lack knowledge on economic use of forest resources. The members lack knowledge on calculating cubic fit of wood. In many forests economic use of resources is difficult to access. Mines cannot be exploited due to covered by soil and stone Shining stone- Kynite in Bharta is being theft by local people to Nepalganj. It was observed during study period that curriculum followed by local high schools ignore study of local herbs, plants, enterprises, and local agro climatic conditions that debar new generation from entering the prospective areas like natural resource utilization and conservation for livelihood.

6.3.5. Extend Potential Enterprises

Manma HQ receives moving populations every day from other VDCs to deal official, and banking business serving clients, college level students, and visitors from adjoining VDCs- Daha, Badalkot, and others is found that the headquarter is served by hotels, small restaurants, and trading shops. It lacks milk supply adequate to feed the living and moving population. A Milk collection and chilling center is felt to make the milk production and distribution smooth. Manma imports and sells processed foods like- ready made Dalmots, Chou, and biscuits. It is found that wheat, millet, Caguno, Junelo, maize, soybeans are produced by local farmers, local people who can be trained and supported to make local brand biscuits (e.g. locally made Dhankute biscuit is very popular in Dhankuta district). Local restaurant people can be trained to make noodles as snacks, and so Dalmots out of Soybeans, pulses, and beans. This initiative can generate local employment; promote

production of soybeans, pulses, and staple food crops. At Manma there are 3 small and 55 micro hotels employing more than 150 people directly and about the same number indirectly as suppliers of vegetable, milk, pulses etc from adjoining VDCs. The hotel workers are observed less aware and lack training on preparing hygienic food (meat, vegetable, rice, and bread) and serving customers. However, they produce wastes, and sewerage. Their management is poor. As the town is at an altitude of 1500 mt, and new settlement is growing, the problem of waste management will grow. To improve sanitation, and environment, biogas plants are suggested to be installed at hotels to manage waste and use its slurry in vegetable gardens in the town in collaboration with energy and environment section of the district development committee.¹ Training hotel workers on food preparation, and customer service, and waste management will create condition to attract local as well as other visitors. This will inspire local producers to increase vegetable, milk, meat, and food and bread from local crops (local paddy, wheat, maize, buckwheat, millet, herbal tea, spices) serving to visitors, and consumers to increase satisfaction. The hotels serve local goat meat, chicken, and eggs, vegetables, and imported low quality rice, and wheat flours. Enter unique culture Deuda was observed at Mamma. It was staged at night by Bramhan and Kshetry people who are a majority denizens in all VDCs of the district. Deuda was (is) played with songs, and messages relating to social and economic activities of all people gathered in the forum. This helps share sorrows sufferings, happiness among the local people and shine/cement relation among them.

To preserve resources and product until dispatch to market additional numbers of such infrastructures should be made through joint effort and ownership of local governments, private business associations (e.g. FNCCI) and concern communities and entrepreneurs.

Possible extension of VDC wise resource based enterprises is made on the basis of resource availability, density of Dalit, and Janajati populations, backwardness due to lack of fertile land, irrigation facilities, and remoteness of support services from government and nongovernment agencies.

This study makes a tentative projection of program based on observation, discussion, and review of program with stakeholders (For details see annex- 6). Potential enterprises for further development and expansion may be listed below. By developing and expanding these enterprises employment opportunities for youth, women, Dalits, and Janajati may be increased and poverty index reduced.

Forest Based

-) Herbal farming in community forestry lots
-) Amala, Dhatello, and Tejpat farming in private land
-) Herb collection and processing units at Manma, Jubitha and Nagma.
-) Allo processing and weaving at Gela and Mehelmudi.
-) Ketuki processing and weaving at Kalika
-) Lokta -paper making at Bharta, and Mehelmudi

¹ The Energy and environment section has promoted biogas plants in the district. 28 biogas plants are installed in other VDCs.

Agro Based

-) Vegetable production in Mehelmudi, and Kalika
-) Apple and orange production, processing, preservation in Kalika
-) Special crops- garlic, onion, ginger production at Gela

Livestock Based

-) Goat keeping at –Kalika, Mehalmudi, Gela and Kumalgaun
-) Buffalo at Kalika, Mehalmudi, Gela and Kumalgaun
-) Sheep at Kalika and Mehalmudi
-) Fish at Kalika and Gela

Tourism based activities at Manma, Hulma, and Nagma

Manufacturing- Furniture, Kalika and Kumalgaun

Small bag (Lady, and school) at Mehalmudi

Processing-

- o Oil from Devdar wood , Dhatello shrub fruits
- o Spices, food (Herbal tea, Milk processing at Kalika
- o Juice from Dalechuk, and Amala
- o Allo thread making, and weaving cloths
- o Bamboo, Nigalo, Ketuki based handicrafts.
- o Radipakhi at Kalika, Mehalmudi, Gela and Kumalgaun
- o Bamboo products Mehalmudi

Agriculture crops in Raskot area- Mehalmudi

Potato, and offseason vegetable in Kalika and Mehalmudi VDCs

Herbal spices, tea, and biscuits, and herbal soaps, and shampoos

Biscuits, Dalmots, spices, and noodles

Horticulture (apple, Aru), and honey

6.3.6. Involved Target Groups in MEs

- a. Dalit compose 21 % of populations who live in remote VDCs like_ Kumalgaun, Gela, and others. As mentioned in ME policy, cooperative institutions of Dalits should be formed at VDC levels including all Dalit households. The inputs and support services should be channeled through these institutions that can mobilize members' savings to finance activities. Social awakening education and technical trainings should be given to members through these institutions. They need training on social awareness to involve them in industries and enterprises. Crop farming, livestock, cottage industries along with support of finance.
- b. Janajati- Magar living in Bharta VDC produce bamboo furniture, and goods. They should get training on replantation, and use of raw material-bamboo, and Nigalo.
- c. Youth underemployment rate is high in the district. So job creation in forest, agro, livestock, tourism, and service enterprises for youth should be taken as important aspect.

6.3.7. Promote Marketing of Resources and Products

Marketing of majority of natural resources is done by Individuals and traders. The herbs collection centers may be around 20 in the district. The DICA has listed 11 herbs collection centers (Manma 5, Kotbada 1, Chhapre 1, Mugraha 1, Ramnakot 1, Jubitha 1, and Nanikot 1). Road linkage with market points (Manma, Hulma-Jite, Padmaghat, Nagma) are marketing centers collecting for herbs, ghee, handicrafts, Allo, Lokta, and even vegetable, goat, and fruit mainly apple and orange marketing to Dailekh and Surkhet, west to Bajura and Accham and east to Jumla district. Herbs are exported by local traders to Surkhet/Nepalganj. Wood furniture is exported to Bajura, Dailekh, and Surkhet. Stone slates, and Kynite stones are exported to Surkhet, and Nepalganj.

6.3.8. Build Support Services

-) Awareness and training on herb identification, collection, conservation, and utilization training to women, Dalit, Janajati to members of CFUGs and others.
-) Strengthening of DCIB and Linking with DICA to update information, market monitoring, and quality assessment.
-) Herb collection center and processing center at Manma in collaboration with Nepal government's Aurvedic Hospital and Singha Darbar Vaidhyakhana Bikas Samiti Nepal.
-) Link ME financing support with cooperatives like Hlmchuli cooperative Ltd at Manma and other cooperatives promoted by Women Development office Kalikot.

6.3.9 Support Marketing, Processing, Warehousing, and Preservation Facilitates

The micro entrepreneurs by nature are small business operators and do not have adequate skill of marketing of their products. It is the responsibilities of Government and district level association of industry and commerce to promote the product in the concerning markets. Preservation of local products like apple, potato, milk, and vegetables is not arranged properly. The ware housing facilities of herbs, and ME products are not available in market centers at present. The commercialization of fruit and vegetable farming is suggested. For processing of herbs at places Manma, and Nagma, and a milk processing unit at Manma are suggested to establish.

6.3.10 Link Microfinance to Micro Enterprises.

Local people depend on local money lenders who charges high rate of interest. The poor people have no adequate access to the financial services of existing commercial banks. The deprived sector loan is available in low rate of interest but in the absence of proper information the target groups have no access to credit facility. These facilities should be linked with selected financial institutions.

6.3.11 Address Policy Issues and Constraints

The Forest Act 1989(2049) and Forest Regulations 1994(2051) should be amended to include the provisions to accommodate requirements of resource utilization by MEs with high priority. Local Self Governance Act 1999(2055) should be amended to include the provisions for micro enterprises and supply of natural resources to them in priority basis. Regarding financial arrangements, the program should be developed and promoted through cooperative and other suitable financing institutions.

The study recommends that local governance act should make provision for generation of DDC and VDC level resources annually to support micro enterprise development programs regularly.

Local governments should formulate specific programmes to develop the micro enterprises at local level. Specific funding provisions should be made and budget should be allocated for micro enterprise development; a definite ratio of annual budget should be allocated for this program. By policy it should be supported and compelled.

6.3.12. Coordinate Program Components

Herbs are exported to India and overseas via Nepalganj by private traders. The study team met Doctor of Ayurved hospital Kalikot and knew that ayurvedic medicines are brought from Ayurved Department Kathmandu. Medicines are processed at Singha Durbar Vaidya Khana Bikas Samiti (SDBS) a development board under ministry of industry and commerce Kathmandu. The study team met Managing Director SDBS Kathmandu and knew that it purchased herbs from Indian traders selected through tenders. At the time of meeting with MD, scarcity of essential herbs was felt in the Samiti processing unit. It costed Nepali consumers of Ayurvedic medicine more than ten times the local herb collectors received from herb traders.

Forest, Agriculture, Livestock, and Cottage industry offices work in the district to develop enterprises in their respective areas. It was observed during study consortium efforts to reach target groups- Dalit, Janajati, and others with suitable micro enterprises lacked among the agencies. Another organization NEDC has begun working in this area. MEDEP resources are used independent of cottage industry development office.

MEDEP is linked with DDC that is overburdened with social and economic development programs is found to be under little bit shadowed. District cottage industry development board (DCIB) main line agency to register, promote and provide technical backstopping is underutilized, and working at low human and financial resources. This office should be given a leading role to develop micro enterprise development program in collaboration with private sector Federation of industry and commerce Kalikot Forest office a key line agency preserving, and promoting forest based resources and industries lack trained manpower to guide and train community forest users in harvesting and conserving forest resources. District Agriculture office should enhance role to develop vegetable, fruits, and cash crops. Livestock service office should develop its capacity to promote local breed of goat, buffalo, and sheep and fodder in remote VDCs – mehalmudi, Kumalgaun, gela and kalika.

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