

**Products and Services Marketing By Entrepreneurs  
(A Case Study of Micro-Enterprises Development Program  
(MEDEP) in Dhanusha District)**

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## **Recommendation Letter**

This thesis entitled “Products and Services Marketing by Entrepreneurs: A Case Study of Micro Enterprises Development Program (MEDEP) in Dhanusha” has been prepared by Bimala Subedi under my direct supervision. This is her own innovative work and I hereby recommend this report for the evaluation and acceptance by the evaluation committee.

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## **Approval Letter**

This is to certify that the dissertation entitled “Products and Services Marketing by Entrepreneurs: A Case Study of Micro Enterprises Development Program in Dhanusha” has been approved by the department in the prescribed format of the Faculty of Humanities and Social Sciences of Tribhuvan University.

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## **Abstract**

*The study was carried out with the objective to find out the problems and prospects of products and services marketing by entrepreneurs for the sustainable development of micro-enterprises. This study is conducted on micro level and has focused on the present market situation of the micro- enterprise. The study actually tries to deal about the products and services marketing by entrepreneurs. For this study Dhanusha district was taken as the study area where MEDEP has conducted Micro-enterprise development program since 1999 A.D.*

*On the basis of simple random sampling method altogether 70 entrepreneurs were selected as the respondents of this study who have involved in micro-enterprises development program conducted by MEDEP. Out of 70 entrepreneurs 45.71 percent were male and 54.29 percent were female entrepreneurs. Majority of the respondents found in disadvantaged and marginalized groups. Either they are land less or small land holders. Traditionally their major source of income is agriculture and wage labour. Before launching the Micro Enterprises Development Program in Dhanusha district by MEDEP, only few person do such type of entrepreneurial work ( Bamboo Nanglo Making, Bamboo Tokary Making and Pottery) by seasonal. After launching the program and financial support from ADB/N they manufacture these goods in large scale as a main source of income. MEDEP also provide different training for those possible entrepreneurs.*

*The enterprises in the district are depends on Nepalese produced raw-material available in local market and within the country. Some productive entrepreneurs have partially used foreign raw material purchased at Bihar State India. Entrepreneurs are still unable to expand their products and services market. They congested only within local area and also inside the district. Only few entrepreneurs reached outside the district and Bihar State (India) also but the number is negligible.*

*The marketing component in any business or enterprises is perhaps the most important element. But most of the micro enterprises development program are focused only credit and skill development training or entrepreneurship development training. They can not focus marketing components such as identifying buyers, their needs, taste, and preference. Due to the lack of necessary information about their customer capacity and willingness to pay for products and services entrepreneurs are suffered from marketing problem. Promotion is another activity that entrepreneurs should undertake and there is a need to introduction of the products and services to the ultimate customers which is still missing by the entrepreneurs.*

*The market situation of the products and services produced by entrepreneurs are not so good and not bad. Due to information gap all entrepreneurs congested with the district. The production level of the product is almost low. Entrepreneurs are face some problems to sale their products like, breakdown of the goods at the time of transportation, credit sale, low price etc Due to the lack of their own brand name they also face some difficulties in the markets. They can not compete with large industrial products, although their quality is high. They have also some problems to bring raw material from outside the district. The concept of advertisement was not introduced in the study area. Enterprises are totally based on "Supply creates its own demand".*

*The study reveals that there exist the positive change in the life of entrepreneurs after involving the micro enterprises development program from MEDEP. They were aware an entrepreneurship development. The change of occupation pattern wage labour to commercialization of micro-business is increasing. The trend of involving into direct income generating activities like micro-business are increasing significantly within deprived and ethnic groups.*

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## Acronyms

ADB/N	:	Agricultural Development Bank/ Nepal
CSI	:	Cottage and Small Industry
DDCs	:	District Development Committees
DFDP	:	Decentralized Finance Development Porgram
GDP	:	Gross Domestic Product
GEMENI	:	Growth and Equity through Micro-Enterprises Investment and Institution
ESCAP	:	Economic and Social Commission for Asia and Pacific
ILO	:	International Labour Organization
INGOs	:	International Non-Governmental Organizations
JSBRI	:	Japan Small Business Research Institution
Km	:	Kilometer
PACT	:	Private Agencies Collaborating Together
SEEP	:	Small Enterprise Education and Promotion
SFDP	:	Small Farmer Development Program
SIFC	:	Small Industries Financial Corporation
SIDA	:	Small Industry Development Association
SME	:	Small and Medium Enterprises
SMI	:	Small and Medium Industries
SSE	:	Small Scale Enterprises
MEDEP	:	Micro Enterprises Development Program
MEC	:	Micro Enterprise Creation
NGOs	:	Non Governmental Organizations
NPC	:	National Planning Commission
PRA	:	Participatory Rural Appraisal
No.	:	Number
Nrs.	:	Nepalese Rupees
ToPE	:	Training of Potential Entrepreneurs
ToSE	:	Training of Starting Entrepreneurs
ToEE	:	Training of Existing Entrepreneurs
ToGE	:	Training of Growth Entrepreneurs
UNDP	:	United Nations Development Program
UNCDF	:	United Nations Capital Development Fund
US	:	United State
VDCs	:	Village Development Committee
WTO	:	World Trade Organization

# Chapter – I

## INTRODUCTION

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

Nepal is a developing country and it is a country of rural areas. More than 85 percent people are still living in rural areas. The condition of rural people is very poor. In Nepal, 30.8 percent out of total population are still living below poverty line. In which 34.6 percent population in rural area and 9.6 percent population in urban area are still living below the national poverty line (Economic Survey, 2062). The economy of Nepal is heavily dependent on agriculture, which contribute about 39 percent to national GDP and about 81 percent of the economically active population are depended on agricultural sectors for their living. Although, 70 percent farm families hold less than 1 hectare of land (NPC, 1999). They used to live hand to mouth problem for their survival.

In the overall context, poverty reduction is one of the major objectives of the government. This is supposed to be attained through broad based high economic growth, social development, targeted program for women and deprived section of society and good governance. To achieve this, specific programs are focused on women and deprived groups. They include education, health, income earning and employment generating activities based on micro-business through micro finance. As social mobilization is very much important for empowerment and overall human development, micro-enterprise development activities are linked with other component of social development. Hence the country has been exercising the plan development programs since from last five decades. Most of the development program and projects in Nepal has been strictly concentrated on addressing women and deprived section's problem or need. However, the achievements are not satisfactory.

Micro credit play very important role in poverty alleviation and creation of employment in the village by promoting micro enterprises. In Nepal, agro-based co-operatives were initiated in the 1950s as a first step in micro-credit. Rural based poverty alleviation programs were initiated through the Small Farmers Development Program (SFDP) on a pilot test basis in 1975 by the ADB/N for the development of agro-based enterprises and so on.

Micro credit has been one of the essential and critical factors that have led to the success of micro entrepreneurs who largely do not have access to resources and capital to initiate business. Micro credit has not only helped and contributed to the establishment of new enterprises and business but also helped in increasing productivity and profitability for business that were sauntered. Micro credit has been targeted specifically towards people living below the poverty line.

Small industries contribute in a large measure to a nation's economic growth and social growth. This is not only in developing countries but also in developed ones as well. Indeed, they have provide themselves to be an important engine of national development, in terms of employment creation, more proportionate regional dispersal of industries and contributing to exports.

Small enterprises play a vital role for economic and social development in developing countries. Small firms are labour incentives with small capital and based on simple technology. So it creates employment opportunity at local level for indigenous people and minorities. Product and services provided through micro and small enterprises also meet the actual need of local people. (Pradhan P.K. 2004)

In the context of Nepal, most of the micro and small enterprises are featured by family ownership. Entrepreneurs' centralization of power and decision making

systems are based on local technology, local market and local people. Thus, there is need for professionalizing the management of micro enterprises.

In this regard, even in some extent entrepreneurs are solving the problem of unemployment which in present context is quite a big problem in Nepal. Today in Nepal, there are many unemployed persons, specially the youth ones and the government of Nepal is being unable to employ all of them. In such situation, they are creating self employment without getting big financial support from government. By doing so they are also assisting the government in alleviating poverty.

The marketing components 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 in business. Marketing has been the most crucial sub system of any enterprises. The process of marketing involves identifying buyers, their needs, taste and preference, converting buyer's 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 and fix their prices accordingly. Promotion is another activity that entrepreneurs should undertake. This is a business function involving the introduction of the products and services to the ultimate customers. As the outcome of all these activities entrepreneurs have to select and establish appropriate sales outlets that are most convenient for their customers.



There are, we found a lot of entrepreneurs in rural as well as in urban areas that are producing a lot of goods and services but because of the absence of sufficient marketing facilities, they are in trouble. Entrepreneurs are facing so many problems such as inadequate storage facility, inadequate transport facility, lack of market information, lack of research on marketing process and product protection, lack of organized market, insufficient credit facility and lack of improved technology etc. Unclear export and import policy of government is also the problems faced by entrepreneurs.

## **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 Dhanusha 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. 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.

#### **1.4. Objectives of the study**

The prime objective of this study is to find out the problems and prospects of product and services marketing by entrepreneurs in the study area.

The specific objectives of this study are as follow:

- a) To examine the effectiveness of the present status of marketing by entrepreneurs
- b) To analyze the problems are facing by entrepreneurs for product and service marketing.
- c) To identify the market potential
- d) To find out the necessary condition for effective marketing by entrepreneurs.

## **1.5. Scope and Limitations of the Study**

This study aims to identify the present marketing tools adopted by entrepreneurs for the services and products in the district. So the findings of this study are not equally applicable for other areas of the country.

The study was focused on MEDEP in Dhanusha district with special references on marketing components of an enterprises. Micro-enterprises established in the district are mainly categorized in three groups such as manufacture, service sector and trade/ commerce. This study was only concerned on manufacture and service sector enterprises within the study area. So this study only cover that part of the program. It may not provide total scenario and overall impact of the program of MEDEP. Also this study will be conducted within certain time and financial limitation.

## **1.6. Organization of the Study**

This thesis is divided into seven chapters. The first chapter includes the background of the study, statement of the problem, importance of the study, objectives of the study and scope and limitation of the study. The second chapter reviews of literature i.e. conceptual as well as contextual literature review has been mentioned systematically and chronologically as far as possible. It also includes about Micro Enterprises Development Program (MEDEP) in Nepal. The third chapter deals about the methodology of the study. The fourth chapter describes about the study area. The fifth chapter deals about Micro Enterprises Development Program (MEDEP) at Dhanusha district and its achievement. The sixth chapter describes about analysis and presentation of data. Summary, conclusion and recommendations have been described in the end seventh chapter.

## **Chapter- II**

### **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. Review of Small and Medium Enterprises Development in Different Plan Development Period in Nepal**

### **First Plan (1956-1961)**

The first plan was launched in Nepal when the country had emerged from isolation. The plan set objectives, taking the resource constraints into consideration out of the total planned goals and outlay of Rs.330 million the industry and mining sector (combined) was allocated Rs.25 million.

### **Second Plan (1963-1965)**

The main goal of the second plan was to create conditions for dynamic growth. The focus was on institutional change and infrastructure development. Agriculture and industrial sector were given priority. The total plan outlay was Rs.6000 million of which Rs.100 million was allocated to industry. Financial as well as technical assistance was provided to the industrial sector. Industries were promoted through pilot projects in the industrial district.

### **Third Plan (1965-1970)**

The third plan also aimed at creating necessary conditions for rapid economic growth. Transportation and electric power received top priority, followed by agriculture industry and mining sector combined was allocated 7 percent of the total outlay.

### **Fourth Plan (1970-1975)**

In the fourth plan also industry continued to get a low priority compared with transportation and agriculture. A Small Industries Financial Corporation (SIFC) was proposed for the purpose of promotion of SME activities.

### **Fifth Plan (1975-1980)**

The fifth plan aimed at increasing production of mass consumption goods, maximizing the use of manpower and promoting regional balance and integration.



The policies adopted sought to mobilize domestic resources, modify the investment and production pattern and improve the industrial management, development and diversification of trade.

With regard to SMEs increased production, expansion of employment opportunities through increase in the volume of investment and labour intensive technique and reduction of regional disparities. A Nepal standardization Board was set up for improving the industrial product quality.

### **Sixth Plan (1980-1985)**

The sixth plan envisaged solving poverty, unemployment through increase production. Stress was laid on the development of cottage and small industries. Special emphasis was laid on the export of agricultural products and labour intensive goods of cottage and small industries. Private sector was encouraged to play the leading role in industrial and commercial activities. The amount to be invested in the private sector was estimated to be Rs.11.65 million. The industry sector alone received about 7 percent of the total allocated expenditure.

Formation of labour intensive industries was given preference and incentives were offered for promotion of export potential industries. Plan also envisaged protection to indigenous industries. It also aimed at making tourism more effective and maximizing the use of domestic product in tourism industry.

### **Seventh Plan (1985-1990)**

The seventh plan proposed a major thrust to industrial and commercial development. The major objective of the plan were increase the industrial sector contribution to the GDP, develop and expand industries and create employment opportunities. The plan classified industrial programs into public and private sector, priority was given to private sector. During the plan period total industrial credit to private sector entrepreneurs to establish, operate and expand industries was estimated Rs.2560 million including Rs. 660 (25.8 percent) million allocated

for development of cottage and small scale industries. In this period, introduction of private commercial banks was also encouraged.

### **Eight Plan (1992-1997)**

The objectives set by the eight plan was promotion of medium and large size industries in order to substitute imports and improve cottage and small scale industries using local available resources to meet the internal demand. The plan stressed the following policies for the promotion of SMIs

- i) Development of import substituting and export promotion industries.
- ii) Priority to private participation.
- iii) Emphasis on the development and expansion of cottage and small scale and agro-based industries.
- iv) Institutional arrangement to familiarize the cottage and small scale industries with market, technology skills etc.
- v) Strengthening the existing financial institution and establishing new ones to assist cottage and small scale industries.

The plan envisaged consolidation of institutions providing research and development services to the cottage and small scale industries. During this plan period 1000 small industries were to be registered. The cottage and small scale industries were estimated to provide employment to 300000 people in rural area.

### **Ninth Plan (1998-2002)**

In the ninth five year plan period government of Nepal has given high priority to the promotion of self employment opportunities in the informal sector as an anti-poverty option with focus on poor segments of the community. The overriding goal of the plan is to reduce poverty of the people living in absolute poverty by generating employment through enterprise creation and development.

The main objective of the plan is poverty alleviation. Cottage and small industries activities in rural areas based on local raw materials, laobur and skill are being

emphasized to support the process of employment generation and poverty alleviation. To promote and expand cottage and small industries 0.1 million people will be trained in different skill development program, 12000 people will be encouraged to establish and expand industries in rural areas through integrated rural entrepreneurship development program. Additional 0.2 million employment opportunities will be created.

### **Tenth Plan (2002-2007)**

The main objective of tenth five year plan is poverty alleviation. Contribute to poverty alleviation by increasing income and purchasing power of the rural people through employment generation in the micro, cottage and small scale industries based on local agro-forest resources.

To promote and expand micro, cottage and small scale industries government of Nepal has fixed to do these activities in the plan period.

- ) Establishing the micro and small scale industries based on local agro-forest resources.
- ) Local bodies and private sector will be mobilized to develop suitable human resources, concessional loan and technical services necessary fore the promotion of micro, cottage and small scale industries.
- ) Micro and small scale industries will be launched in rural areas to develop entrepreneurship and skill to promote investment in industrial based on local resources.
- ) The micro, cottage and small scale employment oriented industries will be the developed and expanded by strengthening financial, institutional and technical supports.
- ) To develop entrepreneurship among rural women, the access of entrepreneurial women will be enhanced in the operation and management of food processing industries.

### **2.3. Review of Related Studies**

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 experience. They feel comfortable with change. They are free thinkers and catalytic change agents. Above all they are achievement oriented individual driven to seek new changes and accomplishment. (Agrawal 2003)

He also listed some important function to perform by entrepreneurs to run their enterprises successfully. These functions are;

- ) Planning
- ) Organizing
- ) Mobilizing Resources
- ) Marketing
- ) Control etc. (Agrawal 2003)

Gautam and Sharma (1994) broadly categorized three types of problem related to development of women entrepreneurs. Those are personal, social and business related problems. Low self confidence, dual job responsibility and child bearing, caring and rearing responsibilities are the personal difficulties for women entrepreneurs. Similarly social beliefs, discrimination between the sexes, male dominated society etc. are the social problems faced by women entrepreneurs. And finally, business related problems are in the area of marketing, technology, finance and management. They also argued unless and until these problems are not solved women enterprises could not develop. So a strategic plan incorporating the co-operation and co-ordination of concerned governmental and non-governmental organizations, people and society for the overall development of women entrepreneurship at the grassroots level should be developed.

Gautam and Sing, (1994) stated that the products of cottage and small industries are product oriented and not market oriented. These entrepreneurs consider marketing to be just a selling activity. They argued, today products are to be made according to the needs and wants of customer and also their capacity and willingness to pay for the products. Furthermore, these products need to be promoted in a proper way and distributed from suitable outlets. The major problems of women entrepreneurs are also related to marketing functions like lack of knowledge about consumer needs and wants, inadequate market knowledge for their products, less interest in promotion of goods, etc. To help solve such problems of women entrepreneurs, support programs on the area of marketing management, market study, salesmanship, marketing network, etc. can be organized at the local level. In addition, professional organizations need to be developed at the local level for support programs like dissemination of market and marketing information, consultancy services on marketing through cooperative methods etc.

Maskay (1999) clearly shows the picture of SMI and says that most SMIs produce only for the local Markets. Export oriented SMEs are few in number. With the economic liberalization policy, the government has liberalized import procedures through reforms in monetary and fiscal matters and simplified the administrative procedures. But the SMIs are not in a position to compete with products of large scale industries, nor with imported goods. This situation has led to loss thus affecting the growth of SMIs in Nepal. Lack of expanded market linkages and poor infrastructure has been impeding the industrial growth.

He also suggests to solve the market related problem by adopting following measures:

1. Regional surveys need to be conducted from time to time to document the products produced in the districts. This will help provide information to

potential outside buyers. Alternatively, sub-sector analyses of SMI/SME products can be carried out as these analyses provide in depth information about the market conditions in the district including identification of potential market intermediaries in the district.

2. Product exhibitions and trade fairs arranged from time to time can also help promote the marketing prospects of SMIs/SMEs products outside the districts of product origin.
3. He also suggested to technological transfer because the quality and cost of production of an industry is very much dependent on the technology and technical skills used by it. However, most of the cottage and small industries are still based on traditional technology and skills. So there is a need of technological transfer.

Chitrakar (2001) shows the real picture of marketing problems faced by SMEs. He says the small and medium enterprises in Nepal generally face more marketing problems than the large enterprises. It is because the SMEs either neglect or are incapable of selecting and analyzing the target markets on the one hand and creating and maintaining an appropriate marketing mix on the other. These enterprises generally follow traditional concept of marketing have lesser access to the international markets are less informed, less trained and comparatively weaker in financial resources. Specially, the followings are some of the major factors responsible for small and medium enterprises having more marketing problems.

- ) Failure to make need assessment of the market.
- ) Lack of market research and market planning.
- ) Lack of attention paid to the increasingly competitive marketing environment (quality, supply quantity, product standard and e-marketing)
- ) Inability of SMEs to establish necessary links with large domestic enterprises and multinational enterprises.

- ) Ineffectiveness of the institutions established to help SMEs and
- ) Lack of government support.

He also broadly categorized these above marketing problems of SMEs under three categories i.e. the problems at the enterprise level, the problems at the supporting institutions level, and problems at the government level. Based on the above argument the following marketing strategies are suggested for the development of SMEs.

- ) Provide market information to SMEs.
- ) Increase SMEs linkages with export –oriented multinational enterprises and export companies.
- ) Develop necessary transport infrastructure. The Ministry of Agriculture reports that 30 percent of agricultural product is wasted due to poor access to market, due to the amount of time taken by farmers and sellers to get to the markets.
- ) Partnership among government, non-government and private sector.
- ) Necessary training on marketing.
- ) Research and development
- ) Provision of necessary marketing credit.
- ) Promotion of agro-based, resource-based export oriented SMEs having competitive advantage.
- ) Increasing access to the high buying countries' markets.
- ) Help SME to benefit form WTO membership and minimize or mitigate the negative implication of such membership.

The SMEs in Nepal face many marketing problems either because they neglect this aspect or are incapable of following a proper marketing strategy. These enterprises follow traditional marketing concept are less informed, less trained, weak in financial resources, less aware about the changing marketing environment

and have less access to international markets. By highlighting the importance and contribution of SMEs to the economy of Nepalese, the paper analyzes the marketing problems faced by such enterprises at enterprise, supporting institution and government levels and suggests the strategies to follow at all the three levels. While doing so, the cases or examples of marketing problems from the past studies have also been cited. The paper also deals with the implication of WTO membership on marketing strategies of these enterprises (Maskay Bishwa keshar 2001).

Tuladhar (1996) point-out various problems faced by Nepalese cottage and small industries in marketing of their goods and services. The industries located in the Terai, Mid-hills and Mountain regions have their own type of problem in marketing. These can be categorized into internal and external problem.

#### Internal problem

- ) Product of low quality of goods.
- ) Inability to compete with foreign goods.
- ) Inability to produce goods as per consumer wants.
- ) Inability to supply goods to market on time.
- ) High credit sales.
- ) Lack of open show rooms.
- ) Inadequate knowledge on market expansion.
- ) Poor marketing management.
- ) Excessive stock of finished products.

#### External problems

- ) Insufficient industrial infrastructure.
- ) Transportation difficulties.
- ) Illegal import goods.
- ) Limited local market.
- ) Low purchasing capacity of the majority of Nepalese people.



Entrepreneurs face many problems in marketing their finished products. So there is a need of specialized government agencies to provide marketing services for products of entrepreneurs. The functions performed by such agencies are:

- ) Carry out marketing of products of entrepreneurs through show room, exhibitions and trade fairs.
- ) Disseminate marketing information to entrepreneurs including information about changing needs and preferences of consumers.
- ) Carry out marketing research for entrepreneurs.
- ) Identify and promote exportable products.
- ) Develop marketing awareness among entrepreneurs.

(Agrawal, 2003)

S.S. Khanka (1999) suggested different types of marketing activities performed by entrepreneurs to success their enterprises these are:

1) Research and Analysis

These functions can be done for market research and analysis.

- ) Target market
- ) Market size and trends.
- ) Competition
- ) Estimated market share

2) Marketing plan

These functions can be done for effective marketing plan.

- ) Sales and distribution strategy.
- ) Pricing of the product.
- ) Advertising and promotion activities.

One of the most universal needs of small and micro-entrepreneurs is for better information about market conditions in places with which they can not easily communicate directly. They need more reliable information on supplies, demands,

prices, qualities, competition, regulations and the status of transporters and routes. For these kinds of information, small producers and traders' traveling relatives and acquaintances who do not specialize in their trades. Most of their information comes late and third hand. To improve their information is to render their ventures less risky, altogether a hippies approach than trying to make them more tolerant of risk.

Providing information about export market demands, including product preferences and specifications, is a role that international resources institution are well placed to serve. Better established literate business people appreciate being put in contact with potential buyers or distributing agents for their goods this simple information can be extremely hard to obtain in developing countries. But most small scale entrepreneurs would need more comprehensive assistance to prepare for exporting. This might be needed help organizing themselves into producers' groups (Dulansey, Austin, 1985).

The selection of the most suitable target market is the most necessary components of small and medium enterprise. But it is most difficult and time consuming task for any exporting concern, be it small or large. A small firm with a limited budget will generally seek to direct its export effort to a market where the opportunities can be exploited with the least cost. There is no special methodology that small enterprises could adopt for the selection of target markets.

The promotion of marketing of small and medium scale enterprise products also received the attention of the consultation that;

- a) In general individual, for small and medium scale enterprise lack financial resources and technical expertise for marketing promotion activities in domestic and international markets. There is a need for institutional support to develop marketing and sales promotion strategies and schemes, collect and

analyze market information in domestic and international markets and make necessary business contacts by incurring promotional expenditures.

- b) Association of small and medium scale enterprises co-operatives and other institutions have a valuable role to play improving assistance in marketing.
- c) Small and medium scale enterprises need to be provided with financial assistance through the establishment of market development funds for undertaking promotional tours abroad and making business contacts.

(Agrawal, Chakradhari 1990)

Marketing has all along been a major problem for SMEs, although its intensity varies from enterprise to enterprise. According to FNST-NCAER survey the marketing problems has been ranked as number four after finance, infrastructure and raw materials. However, marketing problems have been ranked as the second most important reason for closure of SSUS.

For a new entrepreneurs, the starting point is the identification of suitable product which has the market potential and good growth prospects. Only then he/she can translate his/her production into profits. To select such a product, an entrepreneur needs to have vision, information and guidance. When a product line gets well at the market place many more entrepreneurs start producing the same products. Due to this band-wagon approach most small entrepreneurs have to compete with each other for a share in the same cake rather than choosing a product on the basis of market prospects (Charles, Grindle, Shipton, 1934)

The quality and cost of production of an industry is very much dependent on the technology and technical skills used by it. Most of the cottage industries are still based on traditional technology and skills. The technologies adopted by women run enterprises are usually based on household activities. There may be a few women who have gone through formal technical trainings but most of them are not technically competent enough. Thus, limited knowledge and inadequate technical

skills have hindered women from providing goods according to market demand. Therefore types of industries run by women need to be identified and appropriate technical trainings conducted for women entrepreneurs. The technologies and skills available in various parts of the country should be studied and used in women entrepreneurship development program. Similarly the technologies available in other developing countries can also be imported for the use of women entrepreneurs. On the other hand, there is a need to develop governmental and private institutions at the national and local levels to meet the growing needs of entrepreneurs for technical skills and technology transfer (Sharma and Nepal 1996).

## **2.4. 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.

### **2.4.1. 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.

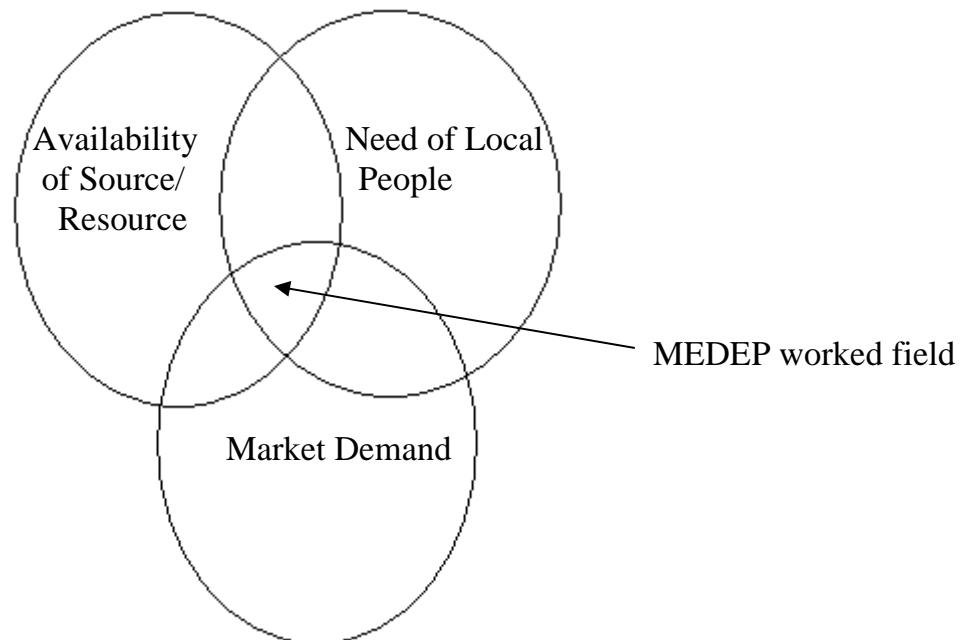
The MEDEP is implemented by Government of Nepal, Ministry of Industry, Commerce and Supplies with technical and financial supports of the UNDP. The UNDP's role in the program has been to help the government in its endeavor to

create income and employment generating opportunities through micro-enterprise development to reduce poverty.

### **2.4.2. 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 diverse the livelihoods and increase the income of low income families through the development of micro-enterprises.

### **2.4.3. Program Strategy**



- ) Program will be demand based.
- ) The program will give priority to local capacity building.
- ) Facilitate in market expansion and diversification for micro-entrepreneurs.
- ) The program will be focused on women. So it emphasizes on achieving 70 percent women participation.
- ) The program will help to institutional development of micro-entrepreneurs.

- ) Environment and ecological concern be addressed while promoting micro-enterprises.
- ) Emphasis will be given to sustainability of micro-enterprises.
- ) Emphasis will be given to local and central collaborative partnerships to promote enterprises development.

#### **2.4.4. Working Area of MEDEP**

- ) Social mobilization
- ) Entrepreneurship/ Management skill development
- ) Marketing
- ) Micro-credit
- ) Appropriate rural technology
- ) Technical skill
- ) Capacity building
- ) Monitoring and Evaluation

#### **2.4.5. Expected Outputs**

- ) Low income families acquire the skills necessary to develop and sustain micro-enterprise.
- ) Low income families able to secure financing to develop and sustain micro-enterprises.
- ) Micro-entrepreneurs have continued access to business development services.
- ) Improve policy and regulatory framework for micro and small enterprises in Nepal.

#### **2.4.6. Program's Targeted Beneficiaries**

- ) Low income families with income of less than NRs. 5750 (according to the 2001 price index)
- ) Unemployed youth
- ) People from socially excluded and ethnic community
- ) Women

#### **2.4.7. Program Activities**

- ) Conduct social and economic survey of potential areas.
- ) Conduct resource and market potential survey of program centers.
- ) Conduct Household Survey; identify potential entrepreneurs based on their entrepreneurial skills.
- ) Maintain a database of entrepreneur's customers.
- ) Identify potential enterprises.
- ) Provide micro-enterprise creation and development training.
- ) Group formation of micro-entrepreneurs.
- ) Provide micro-entrepreneurs with necessary technical and managerial skills training.
- ) Identify, promote and develop appropriate rural technology for micro-entrepreneurs.
- ) Provide easy access to micro-credit for program supported entrepreneurs
- ) Help in product diversification and value addition of entrepreneurs' products.
- ) Market expansion and diversification.
- ) Quality control.
- ) Monitoring and evaluation of entrepreneurs and program activities.

#### **2.4.8. Area Coverage by MEDEP**

The program has been implemented in phase-wise manner covering 20 districts in the five development region of Nepal.

##### District of MEDEP in phase I

Program has been implemented in 10 districts in first phase: Baitadi, Dadeldhura, Dang, Pyuthan, Nawalparasi, Parbat, Nuwakot, Dhanusha, Sunsari and Tehrathum.

##### District of MEDEP in phase II

Program has been implemented in 10 districts in second phase: Darchula, Kailali, Bardia, Banke, Myagdi, Rasuwa, Sindhuli, Sindhupalchowk, Ramechhap and Udayapur.

## **Chapter – III**

### **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 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. Besides, 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. Rationale for the Selection of the Study Area**

MEDEP has conducted micro enterprise development program in various districts of Nepal. Among them Dhanusha district is one. Especially women, various ethnic groups, marginalized people and local poor people have benefited from this program. For this research Dhanusha district was selected as the study area. In this district MEDEP was implemented for the second phase in 1999, it launched micro-enterprise in altogether 12 VDCs namely Puspapur, Bengadawar, Digambarpur, Rangunathpur, Mithaleswor, Kachuri Thera, Tarapatti Sirsiya, Lohana, Basahya, Bafai, Jadukuha, Dhabauli, in initiation. Now, it covers 20 VDCs, and Dhanusha district is a successful district as a view of MEDEP. The particular area is chosen for the study because it is easily accessible. Through the



creation of Micro enterprises in study area, MEDEP was able to benefited 1650 people at the district. Therefore, this study area is selected to find out the real situation of Micro-enterprises and activities related to the program.

### 3.3. Sampling Procedure

The universe of this study was MEDEP area in Dhanusha district. Altogether 20 VDCs and one municipality (Janakpur municipality) covered by MEDEP and there are 1174 entrepreneurs up to June 2006. At that time period the numbers of male and female entrepreneurs were 474 and 700 respectively. Altogether 70 entrepreneurs: 32 (45.71 percent) male entrepreneurs and 38 (54.29 percent) female entrepreneurs were selected from different VDCs and Janakpur municipality of Dhanusha district by simple random sampling method for household survey.

The respondents selected from different VDCs and Janakpur municipality are given below.

Table 1: Respondents Selected from Different VDCs/ Municipality for Household Survey

S.N.	VDCs/ Municipality	Number of respondents
1	Devpura Rupaitha	13
2	Umaprempur	9
3	Bangadabar	8
4	Kurtha	7
5	Bashahiya	7
6	Thera Kachuri	6
7	Trapatti Sirshya	5
8	Pushpalpur	5
9	Lohana	1
10	Bhuchakkarpur	1
11	Khajuri Chanha	1
12	Janakpur municipality	7
	Total	70

Source: Field Survey, 2006

### **3.4. 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 Dhanusha district by field survey with the help of structure and semi structured questionnaire.

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

### **3.5. 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.

#### **3.5.1. Data Collection Techniques**

For the collection of data following techniques were used:

##### **3.5.1.1. Household Survey**

Information was gathered by having discussion with entrepreneurs in study area. The survey was taken from altogether 70 entrepreneurs of the sampled VDCs and selected ward of Janakpur municipality 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.

### **3.5.1.2. 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 the 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.

### **3.5.1.3. Field Visit and Observation**

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

### **3.5.1.4. Focus Group Discussion**

The focus group discussion was held in two groups with selected entrepreneurs. The discussion was taken in Devpura Rupaiatha and Umaprempur 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.

## **3.5.2. Data Collection Tools**

### **3.5.2.1. Structure 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 has been fill up according to the information given by respondents. (The structured questionnaire is given in appendix -I)

### **3.5.2.2. 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.

## **3.6. 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.

## Chapter – IV

### THE STUDY AREA

#### 4.1. Background

Dhanusha district is one of the major districts of Nepal with an area of 1180 square kilometer, which is famous for its ancient history and culture. It is a part of Janakpur zone of central development region. The district is extent from 26°35' to 27°05' north latitude and 85°52' to 86°20' east longitude. The district is surrounded by various districts – in east Shiraha, in north Sindhuli, in west Mahottari and in south Madhubani Bihar (India). Also this district is divided into hundred and one VDCs, one municipality, seventeen ilakas and five constituencies. The district headquarter is named Janakpurdham. The other notable place is Dhanushadam. Major market centers are Mahendranagar, Tarapatti Sirscia, Kachuri Thera, Dhalkebar, Nagarain, Khajuri chana and Jadukuha etc.

#### 4.2. Topography and Climate

Plain and Terai dominate most of the district. Curiya range extends in northern side of the district from east to west covers very little bit area. The altitudinal expansion of this district has from 60.98 meter to 609.76 meter. The climate is tropical and sub tropical so it is very hot in summer and cold during winter season. The average annual rainfall of the district has 1479.8 mm. where as the average minimum annual temperature is 14°C. According to the temperature and rainfalls recorded by the nearby meteorological station are shown below in the table:

Table 2: Temperature and Rainfall Record of Dhanusha District

Description	Temperature/ Precipitation
Average maximum temperature	40°C
Average minimum temperature	14°C
Average Annual Rainfall	1479.8 mm

Source: District Profile, 2006

### 4.3. River

Most of the rivers and streams are normally originated in Churiya range. So far they have not perennial source of water. Kamala is the main river, which makes the eastern boundary of the district. Ratu khola, Jallad khola, Bilaunti khola, Aaurahai khola, Mugiya khola, Selar khola, Jamuni khola and Jogiya khola are the major rivers of the districts. These rivers are not utilized for the irrigation project without small drain. In the rainy season these rivers have high intensity of water. So far, huge flood and disasters are occurred.

### 4.4. Land Use Pattern

Land use condition of the district varies into different categories. In the northern part, there has very fragile condition. Somewhere very scattered forest and bushes are occurred. And the whole of the southern part is associated with cultivated land. The land use condition of Dhanusha district has given in below.

Table 3: Distribution of Land Use pattern

Types of Land Use	Area in Hectare	Percentage
Cultivated Land	7731.30	65.48
Forest	2748.79	23.28
Bush/ Shrub Land	2.63	0.02
Grazing Land	155.56	1.32
Ponds and Water Bodies	200.21	1.70
Airport	4.38	0.04
Residential Area	151.70	1.28
Sandy Area	490.84	4.16
Waste and Barren Land	16.80	0.14
Institutional Area	5.88	0.05
Landslide	2.17	0.02
Nursery	286.21	2.42
Swampy Area	1.46	0.01
River Bed	3.84	0.03
Plantation	5.02	0.04
Total	11806.79	100.00

Source: District Profile, 2006

#### 4.5. Major Cultural Centers

Dhanusha district is a divine place for Hindus, which is called Mithilanchal. Janakpur Dham and Dhanusha Dham are the major cultural as well as religious places. History shows King Janak had regimed in Mithila. He had a daughter named Janaki (Sita) who had got married with lord Ram and finally she became also godmother of Hindus. Apart of the Janakpur, there have also a lot of places for cultural importance named by Ram Mindir, Janaki Temple, Bibaha Mandap, Ganga Sagar, Dhanusha Sagar etc.

#### 4.6. Road and Trail

Dhanusha district is highly accessible from the transportation point of view. In the context of national scenario of road, the district has 14<sup>th</sup> position. In transportation facilities air service and road service has access. Also one of the rail services of the country has been providing the service in this district. Road and trail in this district has 1237.64 km. including to railway. The detail of roads has been showing in table of 4 in below:

Table 4: Road and Trail in the District

Road Type	Length (Km.)	Percentage
High way	61.46	4.96
District road	111.79	9.03
Feeder road	16.06	1.31
Other Black Toped	66.63	5.38
Major Foot Trail	55.00	4.44
Minor Foot Trail	900.00	72.72
Rail way	26.70	2.16

Source: District Profile, 2006

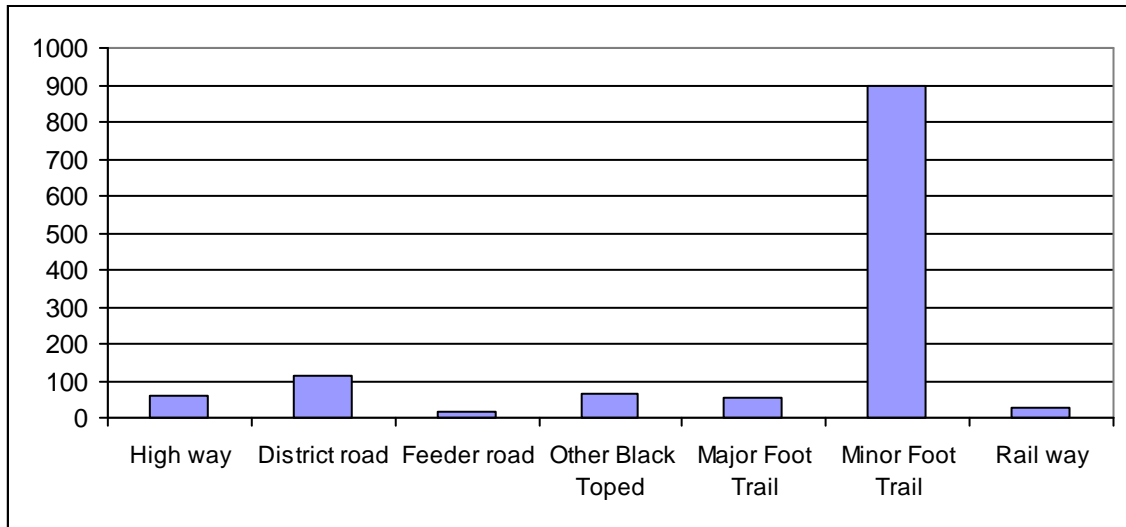


Figure 1: Type of Road in Dhanusha district

#### 4.7. Market Centers

In Dhanusha district, the major market centers are Janakpurdham, Mahendra Nagar Sakhuwa, Dhalkewar, Badahari, Yedukuha, Tarapatti Sirsiya, Godar, Tin koriya, Duhabi, Dhanushadham, Sabila, Nagarain, Kachuri Thera, Khajuri chana Raghunathpur etc. All of the mentioned market centers have a lot of potentialities in economically as well as transportation point of view.

#### 4.8. Population

The annual population growth of this district has by 2.34 percent. The census 2001 has been showing the total population has 671,364 where male has by 349,422 and female has by 321,942. The sex ration of the district has 1.093. The total household of the district is 117417 and average family size is 5.7 persons. The density of the population is 569 per square kilometer.

#### 4.9. Education and Literacy Rate

There are 384 education institutions within the district. Among them 5 are collages and 16 are Higher secondary schools. Like wise 76 are secondary, 43 are lower



secondary and 244 are primary schools in the district. The literacy rate of the district is 29.6 percent in which male literacy rate is 32.36 percent and female literacy rate is 25.72 percent.

#### **4.10. Occupation**

Around 90 percent population are directly and indirectly engaged in agriculture sector and around 16 percent are involved in the trade and small business. Around 2 percent in service sector and 8 percent are labour and other work. Especially, in the town area people involve in business and trade in the village level small agro industry and micro enterprises have been established but is in negligible number and most of the farmer still depend or practices the traditional agriculture.

#### **4.11. Major Development Agencies**

Beside the development agencies of government, various International and National non-government organizations are working in this district. UNDP, UNCDF (DFDP), MEDEP, GTZ, WFP and various I/NGOs are directly involving in poverty alleviation and other development field.

## **Chapter - V**

### **MICRO ENTERPRISES DEVELOPMENT PROGRAM IN DHANUSHA DISTRICT**

The micro enterprise development program has been providing institutional as well as individual support to local bodies and low level income people, largely living below the poverty line in various VDCs in Dhanusha since the implementation of the program. The program was implemented in February 1999. The program was introduced in 12 VDCs namely Bengadawar, Puspapur, Digambarpur, Mitheshwar, Raghunathpur, Tarapatti, Kachuri Thera, Yadukuha, Dhabauli, Bafai, Lohana, Basahya of the district. The tools of PRA were implemented to enter the selected program location along with the social and resource mapping in the district. Since the reporting period the program had covered 20 VDCs in the District namely.

#### **5.1. Nature of Enterprises in the District**

The 1174 micro-entrepreneurs established by the program were directly able to create employment opportunities for 1599 people. The overall sale of the district at the time of report preparing period was Rs.140813423. The enterprises established in Dhanusha district can be divided into three broad groups

1. Manufacturing: which include Papad, Dalmoth, Bhujjiya, Bamboo products, Agarbatti, Lahabangles, Washing soap, Bathing soap, Tika, Nailpolish, Clay pots, Iron Agri inputs, Leather products such as Purse, Bag, Belt, Straw mat, Rope, Dairy products, Sweet product, Furniture, Potato chips, etc. which comprised 30 percent of the total established enterprises in the district.
2. Service sector: which include Cycle repair, Rickshaw repair, Radio/T.V. repair, Hair saloon, Watch repair, Tailoring, Pharmaceutical shop, Fast

food, Hotel/Lodge, Cattle marketing which comprised 30 percent of the total established enterprises in the district.

3. Trade / Commerce: which include Fruit and vegetable vendors, Grain vendors, Retail shop, Cloths/ Garments vendors, Milk selling which comprised 40 percent of the total established enterprises in the district.

Among the manufacturing type of enterprises there are again three types of enterprises in relation to the availability of raw materials which are given below.

1. Raw material available within the district: Dalmoth , Potato chips, Papad, Straw mat, Bambo product (partially), Agarbatti, Furniture, Laha bangles (partially), Tika and Nail polish (partially)etc.
2. Raw material available outside the district but Nepal: Bathing soap, Washing soap, Bamboo craft (partially)
3. Raw material available outside the district in Bihar state (India): Laha, bangles (Partially, Tick and Nail polish (Partially), Agarbatti (Partially)

One of the most important aspects regarding the overall scenario of enterprises in Dhanusha is that most of the low income people were found to be involved in services and trade/commerce enterprise because the less risks involved in these sector than comparison to manufacturing sector.

## **5.2. Views of Women Participation**

Equal participation of men and women in economic activities is prerequisite for the economic development of a country. Presently women's participation in economic activities is low in the overall context of Nepal. Therefore MEDEP focus the women participation in micro-enterprise.

In line with MEDEP's target to bring in 70 percent women participation, the program was able to have 63.39 percent of women participation in micro entrepreneur's groups after going through entrepreneurship development training.

However looking at the data of established micro-entrepreneurs the number of women entrepreneurs was 59.62 percent of the total, while men accounted for 40.37 percent. This implies that the percentage of women entrepreneurs (59.62 percent) is lower than the percentage of women receiving entrepreneurship training and their participation in group (63.39 percent). This suggests that MEDEP in Dhanusha needs to make further efforts to encourage the women in already existing group into entrepreneurs by facilitating them with all additional component services such as skill training micro-credit, market linkage etc.

### 5.3. Quantitative Achievement

Table 5: Quantitative Achievement of MEDEP Dhanusha May 2006

SN	Activities	Dalit			Nationalities			Others			Grand total		
		Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
1	Household Survey	421	931	1352	649	1650	2299	157	392	549	1227	2973	4200
2	Participatory Selected	258	124	382	707	505	1212	182	34	216	1147	663	1810
3	Participants in Entrepreneurship Training (MEC)	41	12	53	26	45	71	21	4	25	88	61	149
4	Participants in Entrepreneurship Training (TOPE/ TOSE)	131	20	151	186	58	244	75	9	84	392	87	479
5	Participants in Entrepreneurship Training (TOEE/ TOGE)	0	3	3	2	40	12	0	1	1	2	14	16
6	Participant in Technical Skill Training	36	5	41	85	23	108	36	8	44	157	36	193
7	No. of Micro-entrepreneurs established	167	96	263	405	349	754	128	27	155	700	472	1172
8	No. of Micro-entrepreneurs group	30	27	57	94	53	147	27	4	31	151	84	235
9	No. of Micro-entrepreneurs group members	299	137	436	567	425	992	192	30	222	1058	592	1650
10	No. of Employment generation	192	168	360	484	593	1077	133	51	184	809	812	1621
11	Total Production (Amount in Rs.)	5567740	6243501	11811241	3199056	46104692	78095288	3116589	2040299	5156888	40674925	54388492	95063417
12	Total Sales (Amount in Rs.)	9072199	10191429	19263628	48857479	69720226	118577705	5578108	2842198	8420306	63507786	82753853	146261639
13	Total Profit (Amount in Rs.)	3504459	3947928	7452387	16855883	23615534	40482417	2461519	801899	32624118	22832861	28365361	51198222

**Chapter - VI**  
**PRESENTATION AND ANALYSIS OF THE DATA**

**6.1. Demography Status of Sample Household**

**6.1.1. Distribution of Respondents by Sex and Age Groups**

Sex and age composition of the sample households can be presented in the following table 6:

Table 6: Distribution of Respondents by Sex and Age Groups

Age Group	Respondents			
	Male	Female	Total	Percent
20-30	4	13	17	24.28
30-40	10	17	27	38.58
40-50	8	6	14	20.00
50-60	7	2	9	12.86
Above 60	3	0	3	4.28
Total	32	38	70	100.00

Source: Field Survey, 2006

Table shows that 38.58 percent of the respondents are from 30-40 age group, where 10 male and 17 female altogether 27 are the respondents. In the same way 17 respondents (4 male and 13 female) are in the age group of 20-30 which covers 24.28 percent of

the total respondents. In the age group of 40-50 there are 20 percent of respondents among them 8 are male and 6 are female. Altogether 12.86 percent of respondents fall in the age group of 50-60 where 7 are male and 2 are female. In above 60 age group there are 4.28 percent of respondents among them all are male. Out of total 70 respondents male and female numbers are 32 and 38 respectively, where male respondents cover 45.71 percent and female cover 54.29 percent. Above table clearly shows that the maximum numbers of respondents fall in the age group 30-40. The age and sex distribution of respondents is given in following bar diagram.

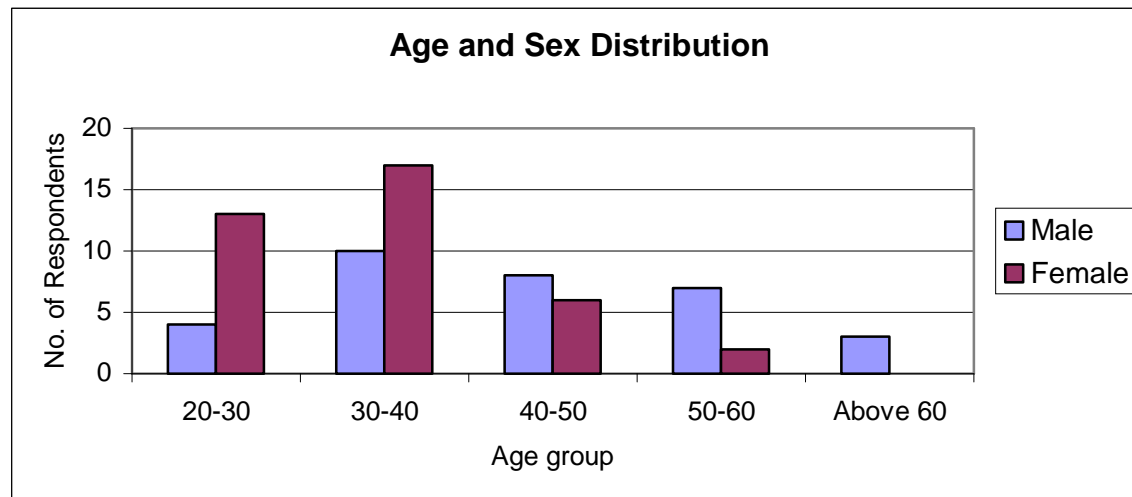


Figure 2: Sex and Age Distribution of Respondents

### 6.1.2. Distribution of Respondents by Educational Status

In this category, respondents are categorized into three categories viz. illiterate, literate and educated. In illiterate category respondents are those who can not read and write formally. Literate in this regard means those respondents who can read and write and have a qualification below S.L.C., in the same way, educated means those who have qualification of S.L.C. and above. The following table presents the educational status of respondents:

Table 7: Educational Status of Respondents

Educational Status	Male	Percent	Female	Percent	Total	Percent
Illiterate	10	31.25	25	65.79	30	50.00
Literate	17	53.13	10	26.32	32	38.57
Educated	5	15.62	3	7.89	8	11.43
Total	32	100.00	38	100.00	70	100.00

Source: Field Survey, 2006

The data presented in above table shows that out of total 50 percent of respondents were illiterate. In the same way 38.57 percent of respondents were literate and only 11.43 percent of respondents were educated. Their qualification is above S.L.C.

In the case of male respondents maximum number (53.13 percent) of respondents were literate. Whereas 15.62 percent of respondents were educated, and 31.25 percent of respondents were illiterate. On the other hand, out of total female respondents 65.79 percent of respondents were illiterate. Whereas 26.32 percent of respondents were literate and only 7.89 percent of respondents were educated. Educational status of the respondents are also presented in following diagram.



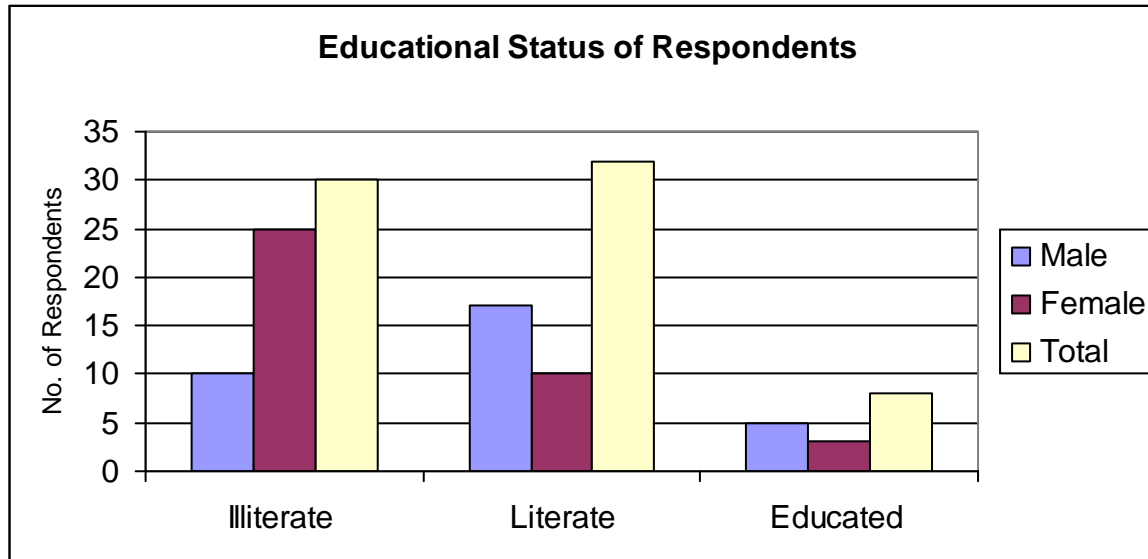


Figure 3: Educational Status of Respondents

### 6.1.3. Distribution of Respondents by Family Size

Family size is categorized into three categories viz. 3-5 members, 6-8 members, and 9 and more than 9. The following table presents the family size of the respondents of the study area:

Table 8: Distribution of Respondents by Family Size

Size of the Family	Respondents	
	Number	Percent
3-5	31	44.29
6-8	24	34.29
9 and more than	15	21.42
Total	70	100.00

Source: Field Survey, 2006

In terms of family size more than 44 percent of respondents fall in the category of 3-5, more than 34 percent were in the category of 6-8 and only 21.42 percent respondents have big family size fall in the category of 9 and above. Those low educational backgrounds bear the large family size and especially young couples were found interested in small family that means the trend of small family was in existence especially in young circle even though they were from deprived group.

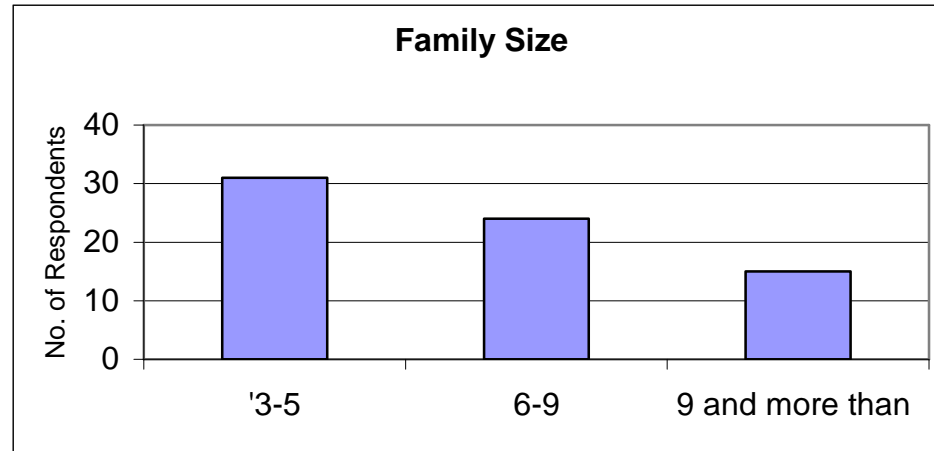


Figure 4: Respondents by Family Size

#### 6.1.4. Type of Family

Family type is categorized into two group; nuclear family and joint family. In the study area most of the families were found nuclear, though the joint family system was also significant in number. Types of family are presented in the following table:

Table 9: Distribution of Respondents by Family Type.

Type of Family	Respondents	
	Number	Percent
Nuclear	45	64.28
Joint	25	35.72
Total	70	100.00

Source : Field Survey, 2006

Above table shows that most of the families were found nuclear, although the joint family system was also significant in number. Altogether 64.28 percent respondents were found in nuclear family and 35.72 percent respondents were found in joint family system. Types of family are also resented in following pie chart:

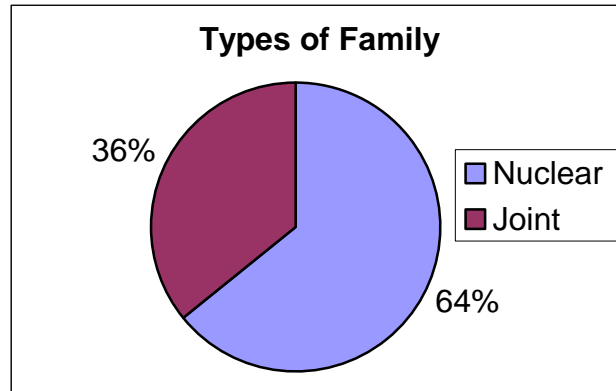


Figure 5: Type of Family

### 6.1.5. Distribution of Respondents by Religion

Distribution of respondents by religion in the study area is presented in the following table.

Table 10: Distribution of Respondents by Religion

Religion	Respondents	
	Number	Percent
Hindu	65	92.86
Buddhist	5	7.14
Total	70	100.00

Source: Field Survey, 2006

Above table shows that most of the respondents were influenced by Hindu religion. Only few numbers of respondents were found Buddhist. Altogether 92.86 percent of respondents were Hindu and only 7.14 percent of respondents were Buddhist . Religion types are also presented in following pie chart.

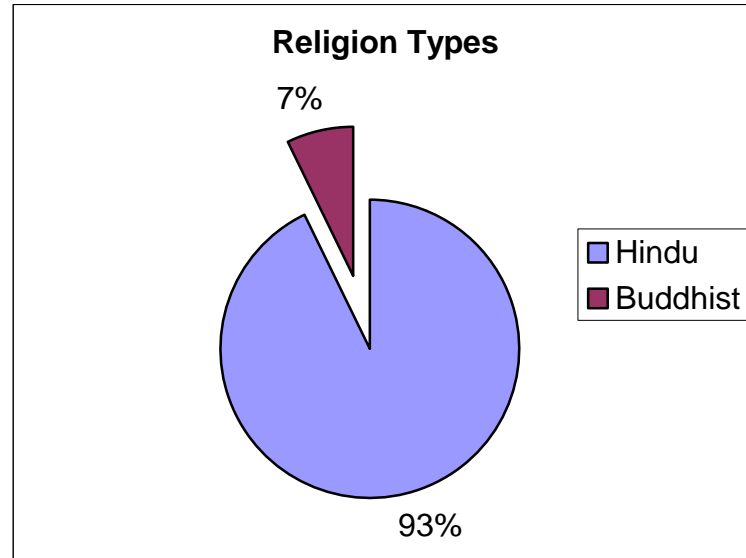


Figure 6: Distribution of Respondent by Religion

## 6.2. Occupational Status

In the field survey of the study area it is observed that most of the respondent households were not found dependent upon single occupation or single source of income. Although, the main occupation of all the respondents of the study area are micro-enterprises. But they also continue their other occupation as secondary source of income. Distribution of respondents by the family's occupational status is presented in the following table:

Table 11. Distribution of Respondents by Occupation

Occupation	Respondents	
	Number	Percent
Micro Enterprises (Only)	25	35.71
Agriculture	16	22.86
Wage Labour	10	14.29
Agriculture Cum Wage Labour	8	11.42
Trade Cum Agriculture	4	5.71
Trade	3	4.29
Service	2	2.86
Trade Cum Wage Labour	2	2.86
Total	70	100.00

Source: Field Survey, 2006

The maximum number of respondents had micro enterprise only as the main source of income. It is conforming to the above table where about 35 percent of the respondents were totally depending on micro enterprise as the income source. Only 40 percent of respondents were found involved in agricultural sector whereas 60 percent of respondents were found land less. Likewise 2.86 percent of respondent were involved in service sector, 14.29 percent of respondent were involved in wage labour and 4.29 percent of respondent were involved in trade and commerce. In the same way, 11.42 percent of respondent were involved in agriculture and wage labour, 5.71 percent of respondent were involved in agriculture and trade and 2.86 percent of respondent were involved in wage labour and trade also.

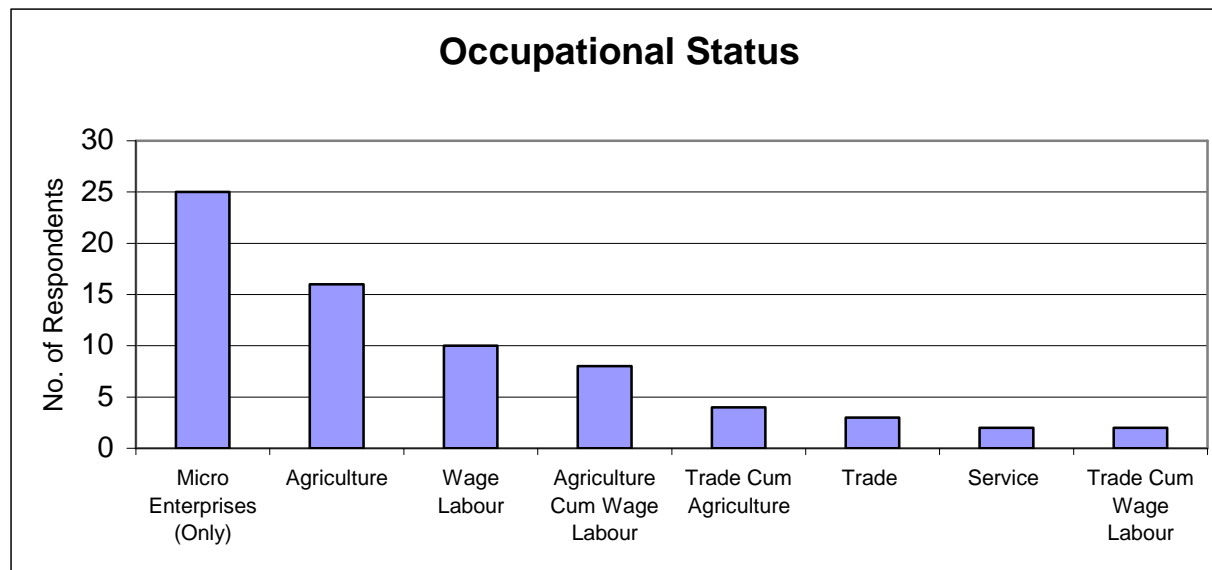


Figure 7: Occupation of the Respondents



### 6.3. Inspiration Source to Establish Micro-enterprise

By the field survey of the study area it is observed that respondents were established micro-enterprises mainly by the inspiration of MEDEP, and other factors also affect them. The distribution of respondents by the source of inspiration to start micro-enterprise is presented in the following table:

Table 12: Distribution of Respondents by the Source of Inspiration to Establish Micro-enterprise

Inspiration	Respondents	
	Number	Percent
MEDEP	49	70.00
Family	13	18.57
Neighbour	5	7.14
Friends/ Relatives	3	4.29
Total	70	100.00

Source: Field Survey, 2006

The data presented in the above table shows that large numbers of respondents have established micro-enterprise through inspiration of MEDEP. About 70 percent of respondents have established micro-enterprise only by the inspiration of MEDEP. Likewise 18.57 percent of respondents have established micro-enterprise by the inspiration of family's, 7.14 percent of respondents have established micro-enterprise by the inspiration of neighbour, and only 4.29 percent of respondents have established micro-enterprise through the inspiration of friends and relatives also. Before launching the Micro Enterprises Development Program in Dhanusha district by MEDEP (supported from UNDP) only few person do such type work (making nanglo, tokary and pottery) as seasonal. After

launching the program they manufacture these goods in large scale as a main source of income. Distribution of respondents by the source of inspiration to establish micro-enterprise is presented in following bar diagram:

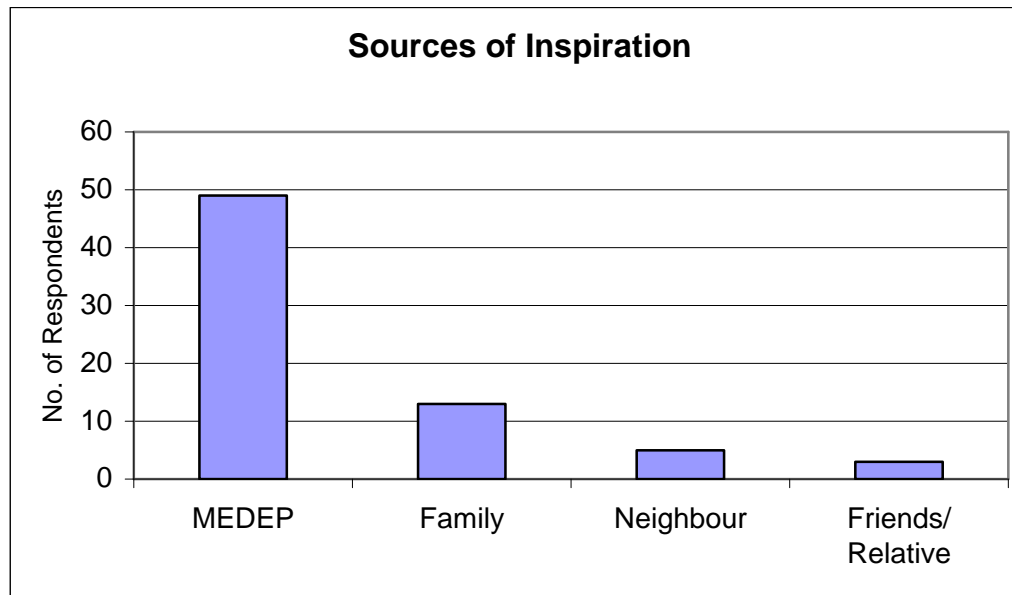


Figure 8: Respondents by Source of Inspiration to Establish Micro-enterprises

#### 6.4. Purpose to Established Micro-enterprise

The respondents have established micro-enterprises by different purpose. Some of them are economically self dependent, some are utilizing the time and skill. Likewise due to the problem of unemployment and inadequate farming land those families also establish micro-enterprise. The following table shows the purpose of the established micro-enterprise.

Table 13: Distribution of Respondents by Purpose of Established Micro-enterprise

Purpose to establish micro-enterprise	Respondents	
	Number	Percent
Economic self-dependency	27	38.57
Utilization of time and skills	17	24.29
Inadequate farming land	16	22.85
Unemployment	10	14.29
Total	70	100.00

Source: Field Survey, 2006

The data presented in above table shows that maximum number of respondents have established micro-enterprises for the purpose of economic self dependency which is 38.57 percent. In the same way 24.29 percents of respondents have established micro-enterprises for the utilization of skills and time. Likewise 22.85 percents of respondents have established micro-enterprises due to the inadequate farming land and only 14.29 percents of respondents were established micro-enterprise due to unemployment. From the above table it is concluded that the main purpose to establish micro enterprise belongs to economic self-dependency. As well as

there are other causes like utilization of skills and time, unemployment and inadequate farming land. Distribution of respondents by the purpose to establish micro-enterprise is presented in following bar diagram.

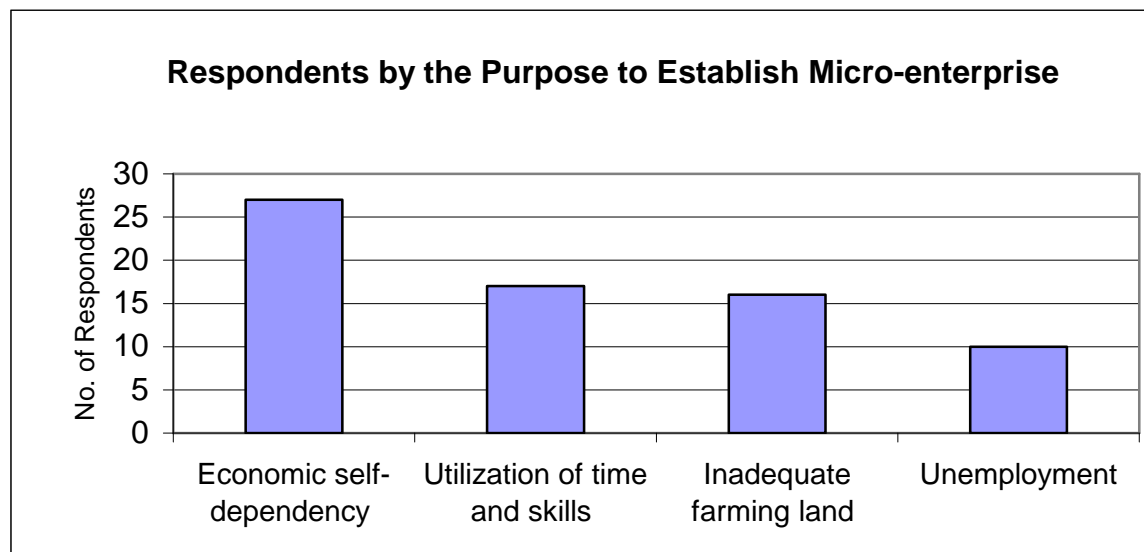


Figure 9: Respondents by the Purpose to Establish Micro-enterprise

### 6.5. Causes of Selection of Particular Enterprise Rather than Other

Enterprise type was broadly categorized into three groups: productive, service oriented and trade and commerce. Likewise, different sub-type of enterprise falls under these groups. By the field survey of the study area it is observed that respondents have selected and established different types of micro-enterprises by different causes (See following table):

Table 14: Causes of Selection of Particularly that Micro-enterprise

Causes of Selection	Respondents	
	Number	Percent
High market potentiality	20	28.57
Lack of proper knowledge and skills about other business	18	25.71
To do by staying home	17	24.29
Lack of sufficient money to operate other business	15	21.43
Total	70	100.00

Source: Field Survey, 2006

The data presented in the above table reveals that around 29 percent of respondents selected and operated that type of particular enterprise rather than other enterprise due to the high market potentiality in comparison to other micro-enterprise. Likewise 25.71 percent respondents selected that enterprise due to the lack of sufficient knowledge and skills about other enterprise. In the same way 24.29 percent of respondents selected that enterprise because that type of enterprise could be operated by staying at home. And only 21.43 percent of respondents selected that enterprise due to the lack of sufficient money to do other business. The data shown in above table concluded that the maximum number of respondents selected that type of particular micro-enterprises due to the high market potentiality.

## **6.6. Status of Investment to Start Micro-enterprise**

Micro-enterprise may be established by micro-capital (finance). Micro-finance refers the small sum of money. According to field survey in the study area it is found that different types of micro-enterprises established by the entrepreneurs through the investment of small capital from Rs. 500 to Rs. 75000. Which is divided into seven categorizes.

Table 15: Distribution of Respondents by their Investment Capital to Start Micro-enterprise

Starting Capital	Respondents	
	Number	Percent
Upto 2000	25	35.72
2000-5000	22	31.42
5000-10000	7	10.00
10000-15000	6	8.57
15000-20000	3	4.29
20000-25000	4	5.71
Above 25000	3	4.29
Total	70	100.00

Source: Field Survey, 2006

The table reveals that 35.72 percent of respondents have started their enterprises by investing small capital less than Rs.2000. Likewise 31.42 percent of respondents have started their enterprises by investing starting capital Rs.2000-5000, and 10 percent of respondents invested Rs.5000-10000. In the same way, 8.57 percent of respondents invested Rs.10000-15000 as a starting capital, 4.29 percent of respondents invested Rs.15000-20000 and 5.71 percent of respondents invested Rs.20000-25000 as a starting capital. Only 3 (4.29 percent) respondents invested above Rs.25000 as a starting capital. Out of these 3 respondents one entrepreneur invests Rs.40000 for cycle repair and maintenance, one entrepreneur invests Rs.60000 for Agarbatti production and

one entrepreneur invests Rs.75000 for furniture. In this regard the above table clearly shows that the maximum number of entrepreneurs invests very small capital for their micro-enterprise start. About 68 percent entrepreneurs invest up to Rs.5000 as a starting capital and only 4.29 percents of respondents invest above Rs.25000 as a starting capital which is also small capital but comparatively large than other entrepreneurs. By the field survey it is concluded that all entrepreneurs invest less than one lakhe as their starting capital for their micro enterprise.

## 6.7. Managing Essential Amount of Capital for Business Start

The entrepreneurs of the study area are marginalized and poor people. They are either land less and or own of small land. In this way they manage their essential amount of money form different sources to establish micro-enterprise which is shown in following table.

Table 16: Distribution of Respondents by Managing Essential Amount of Capital for Business Start

To manage essential capital	Respondents	
	Number	Percent
Loan from bank and financial institution	44	62.86
Family Saving	12	17.14
Loan from money lenders	9	12.86
Land sale or Deposit	5	7.14
Total	70	100.00

Source: Field Survey, 2006

The respondents have managed essential capital to establish micro-enterprises from different sources. The data presented in above table reveals that most of the respondents have established micro-enterprises through getting loan from bank and financial institution especially from ADB/N, Dhanusha. In the same way, 17.14 percent of respondents have managed the money from family saving,



and 7.14 percent of respondents from sale or deposit of their land. Only 12.86 percent of respondents got the loan from money lenders for their business start.

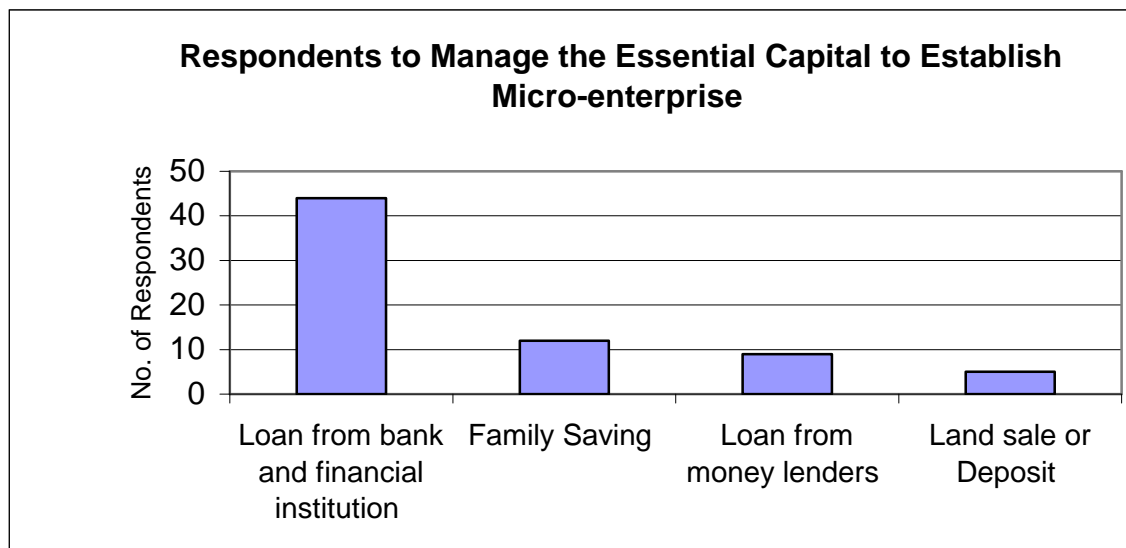


Figure 10: Source of Managing Essential Capital

### 6.8. Status of Loan Receiving

In the study area most of the respondents have either land less or small land holding size. So they start their business by borrowing capital through financial institution, specially ADB/N. The following table shows the respondents to get loan or not.

Table 17: Distribution of Respondents by Receiving Loan

Status of Loan getting	Respondents
------------------------	-------------

	Number	Percent
Yes	53	75.71
No	17	24.29
Total	70	100.00

Source: Field Survey, 2006

The above table shows that about 75 percent of respondents have taken loan from different financial institutions for their micro-enterprise establishment. Only about 25 percent of respondents have not taken loan from financial institution for their micro-enterprise establishment. They manage their capital by themselves, family saving and selling their own land and other property. In this regard it is concluded that the maximum number of respondents established their enterprise by borrowing capital, which is shown in following pie-chart.

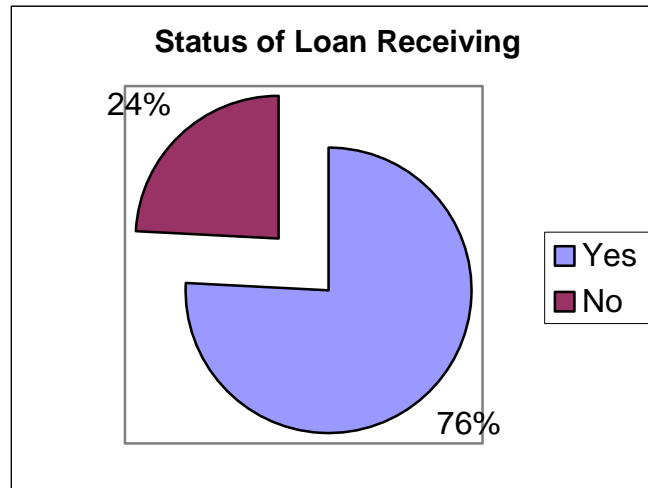


Figure 11: Status of Loan Receiving

## 6.9. Status of Loan Payment

Distribution of respondents by loan payment or not is presented in following table.

Table 18: Distribution of Respondents by Status of Loan Payment

Status of Loan payment	Respondents	
	Number	Percent
Paid	29	54.72
Paying (not complete)	24	45.28
Total	53	100.00

Source: Field Survey, 2006

The data presented in above table shows the loan payment status of the respondents. Out of total 70 respondents only 75 percent of respondents get loan from different financial institution. Out of these 53 respondents 54.72 percent of respondents have paid their loan. And 45.28 percent of respondents are still paying installment but not completed. In this way it is concluded that 75 percent of respondents get loan from financial institution to establish micro-enterprise. Out of these, maximum number of respondents have paid their loan amount.

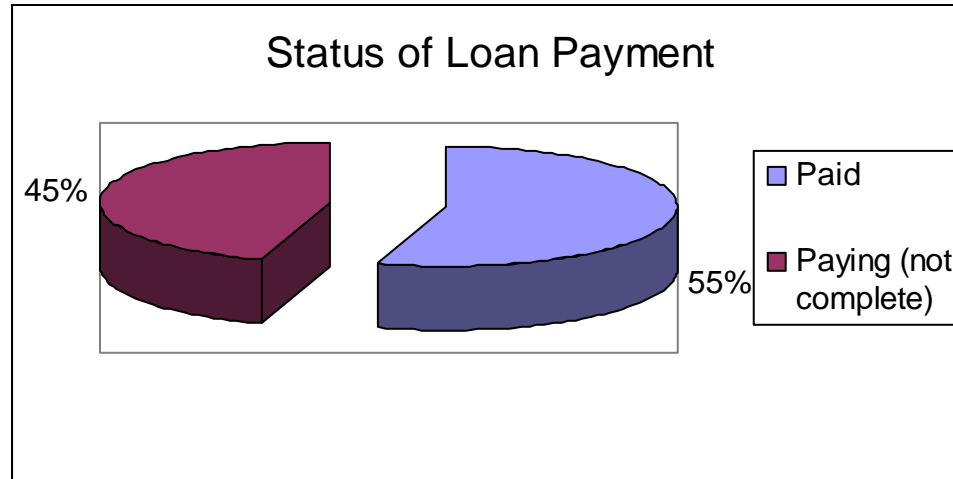


Figure 12: Status of Loan Payment

### 6.10. Training Received

Encouraging and motivating entrepreneurs in rural area has not been an easy task, especially targeting poor people who live on a situation of hand to mouth problem. They should have trained. Before starting micro-enterprises MEDEP provide various training for selected household: like Entrepreneurship training, Skilled training, Group orientation, Saving etc. The following table distributes the respondents by the involvement of training.

Table 19: Distribution of Respondents by Training Received

Training Type	Respondents	
	Number	Percent

Entrepreneurship training	62	88.57
Skilled Development Training	39	55.71
Group Orientation	8	11.43

Source: Field Survey, 2006

The data presented in the above table shows that out of total 70 respondents 88.57 percent of respondents have taken the training related to enterprise development. Likewise skilled development training was given to the individuals who were interested to start micro-enterprises. Whereas 55.71 percent of respondents had taken different types of skilled training. The entrepreneurs who have taken skilled training, also involved in entrepreneurship development training. Only 11.42 percent of respondents were found that they have taken one day group orientation.

### **6.11. Working Hours Per Day in their Enterprise**

In the field survey it is observed that most of the entrepreneurs totally engaged in their own micro-enterprises because of their main source of income. Likewise their family members also involved in such enterprises. Time spent in enterprise by entrepreneurs are range from 1 hours to above 12 hours. The distribution of respondents by working hours per day in their enterprises is presented in the following table.

Table 20: Distribution of Respondents by Working Hours per day in their Enterprise

Working hours per day	Respondents	
	Number	Percent
1-3	8	11.43
4-6	18	25.71
7-9	21	30.00
10-12	17	24.29
Above 12	6	8.57
Total	70	100.00

Source: Field Survey, 2006

Above table shows that 30 percent of respondents have worked 7-9 hours per day in their own enterprise. In the same way 25.71 percent of respondents have worked 4-6 hours per day and 24.29 percent of respondents have worked 10-12 hours per day in their own micro enterprise. Likewise only 11.43 percent of respondents have worked 1-3 hours per day and only 8.57 percent of respondents have worked above 12 hours per day in their enterprise. By the presented data it is concluded that the maximum entrepreneurs worked 4-12 hours per day in their own enterprise. Time spend up to 3 hours, and above 12 hours by entrepreneurs in their own enterprise is comparatively low. And maximum working hours by most entrepreneurs is 7-9 per day.

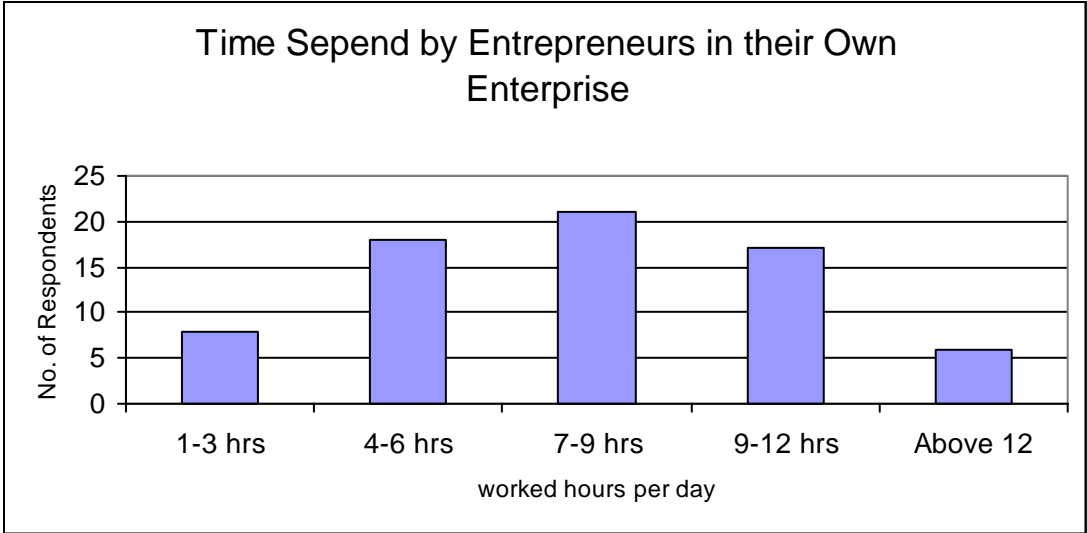


Figure 13: Working Hours Per Day in their Enterprise

## 6.12. Status of External Workers in their Enterprise

Micro enterprise refers family owned enterprise. By observation of the study area it is found that some entrepreneurs have external workers in their enterprise. Distribution of respondents to have external workers in their enterprise is shown in the following table.

Table 21: Distribution of Respondents to have External Workers in their Enterprise

External workers	Respondents	
	Number	Percent
Yes	13	18.57
No	57	81.43
Total	70	100.00

Source: Field Survey, 2006

Above table shows that 18.57 percent of respondents have other workers in their micro-enterprise like semi-skilled and unskilled labour by seasonal. They works in daily wages basis. And 81.43 percent of respondents have no any external workers. They run their enterprise only by their family members' support. In this regard the maximum numbers of entrepreneurs have no any other workers, which is shown in following pie chart.



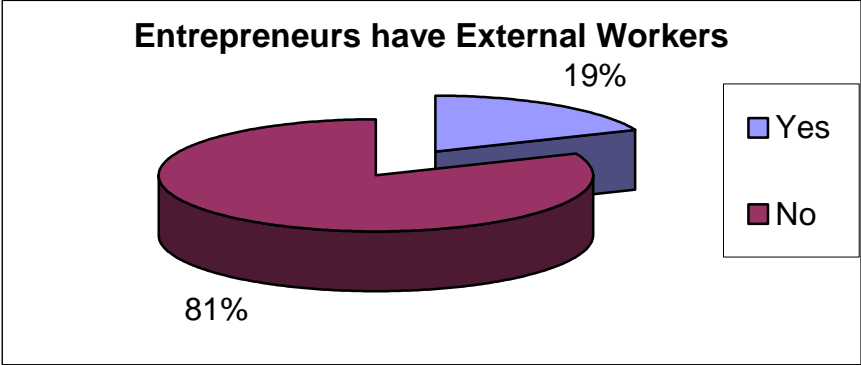


Figure 14: Status of External Workers

### 6.13. Types of Raw-material Used by Entrepreneurs in their Enterprise

Micro-enterprises are depending on locally available raw material but some entrepreneurs use foreign raw material in partially. In the study area, raw material used by entrepreneurs are divided into three categories: local produced, Nepalese produced, and foreign. Distribution of respondents by use of raw material type is shown in following table.

Table 22: Distribution of Respondents by Type of Raw-material they Used

Types of Raw Material	Respondents	
	Number	Percent
Local produced	32	45.71
Nepalese produced	23	32.86
Foreign	15	21.43
Total	70	100.00

Source: Field Survey, 2006

The above table shows that 45.71 percent of respondents have used locally produced raw material for their enterprise. Whereas 32.86 percent of respondents have used domestic raw materials available in Nepal. Only 21.43 percent of respondents used foreign raw material. By the data collected from field survey it is concluded that the large number of respondents 78.57 percent of respondents used Nepalese produced within the country for their enterprise. The distribution of respondents by type of raw material used in their enterprises is shown in following bar diagram.

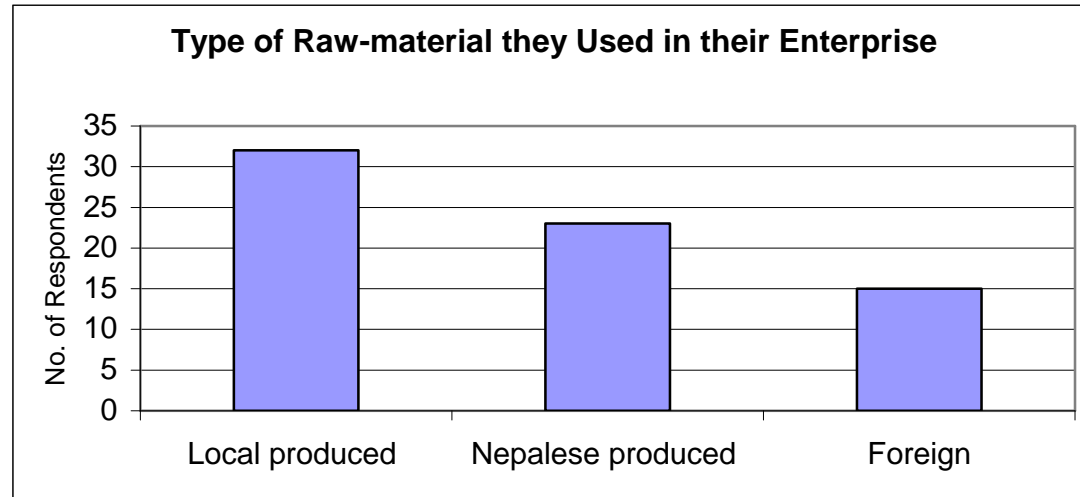


Figure 15: Type of Raw-material they Used in their Enterprise

### Case Study - I

*Rita Devi Jha a resident of Thera Kachuri VDC in Dhanusha district. She was unemployed and spends her valuable time just in household work. Her family was depend on small paces of agricultural land for survival. The PRA well being ranking and the MEDEP extensive baseline survey found her family to be living below the poverty line. She had entrepreneurial skills and was committed hard work to support her family. She was looking for opportunities which MEDEP was ready to provide through its program in the district to support the development of micro-enterprises.*

*Despite being a housewife, she was enterprising and approached MEDEP with, she saw as an opportunity in her community. She wanted to establish Agarbatti manufacturing enterprise. She take entrepreneurship training and skill development training to make Agarbatti organized by MEDEP from which she get*

#### 6.14. Raw-material Purchase Place

The entrepreneurs of the study area purchase raw material for their micro-enterprises from different places within Nepal and out of the country. The study area's southern border is Madhubani Bihar (India). So some entrepreneurs purchase raw-materials for Laha bangles, Tika, Agarbatti, Nailpolish, Rickshaw/Cycle repairs, Radio/TV repairs etc. from Bihar (partially). Place of raw-material purchases is divided into three categorized in this study which is shown in following table.

Table 23: Distribution of Respondents by Place of Raw-material Purchase

Place of raw material purchase	Respondents	
	Number	Percent
With in district	30	42.86
Outside the district	27	38.57
Bihar state	13	18.57
Total	70	100.00

Source: Field survey, 2006

The data presented in the table shows that more than 42 percent of respondents purchase raw material for their enterprise from local market or within the district. Whereas, 38.57 percent of respondents use raw-materials for their enterprise which is available in outside the district but Nepalese market. Likewise only 18.57 percent of respondents purchase raw material from Bihar state (India). By the field observation it is concluded that the maximum number of entrepreneurs purchase raw material from Nepalese market like local market, Dhanusha district and neighbouring district. The distribution of respondents by places of raw material purchase is shown in following diagram.

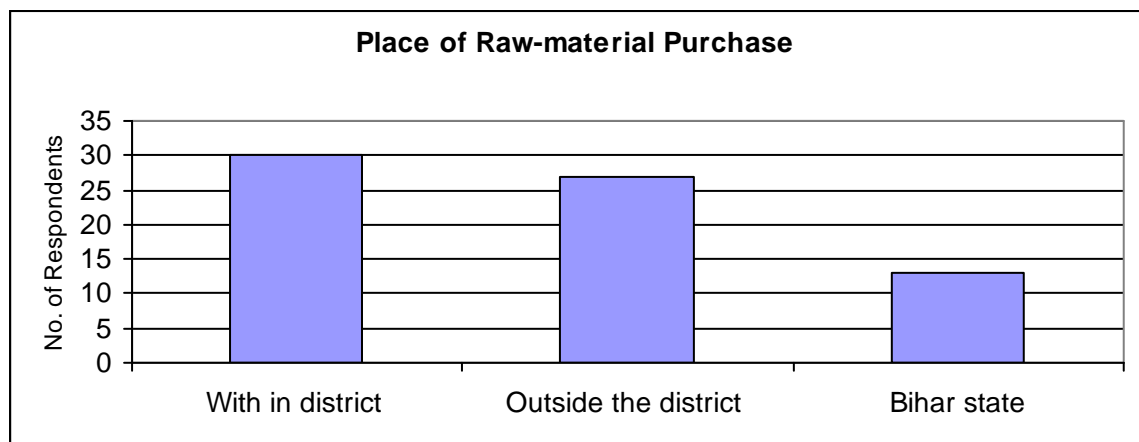


Figure 16: Place of Raw-material Purchase

### 6.15. Problems Related to Purchase/Bring Raw-material

There are so many problems faced by entrepreneurs at the time of raw-material purchase or bringing. Most of the respondents of the study area are small entrepreneurs. They always have a big problem of scarcity of money. Due to the scarcity of sufficient money they purchase raw-material in small scale which is expensive. In the case of bring raw-material from outside the district, they should bear other cost also. It is not possible that every small entrepreneurs go outside to purchase a little raw-material in terms of turn over and profitability. So there is a need of a organization or institute which provide raw material to those entrepreneurs in cheaper price. DMEGA was also established for the purpose to support the micro-entrepreneurs in various aspects such as buying raw-materials in bulk from the suppliers within the country as well as outside the country, exploring the market opportunities for their products, purchase the finished products from the small entrepreneurs, sharing the technical problems and additional logical support for the existing and potential entrepreneurs. But the association was not success to fulfill its objectives in proper way due to the financial

problems. On the observation at the time of field visit it is found that most part of the income earned from enterprise were also spend on daily consumption by the entrepreneurs. So always have financial problems to purchase raw-material.

### 6.16. Sales Place of the Products and Services

The products and services produce by micro entrepreneurs of the study area are sale in local market. Some entrepreneurs have succeed to expand their market outside the district. Some of them sale their product outside the country also. Sales place of the products and services by entrepreneurs is presented in following table

Table 24: Distribution of Respondents by Sales Place of Their Products and Services

Sales Place	Respondents	
	Number	Percent
Local market	48	68.57
District Market centers	13	18.57
Out side the district	6	8.57
Out side the country	3	4.29
Total	70	100.00

Source: Field Survey, 2006

The table shows that more than 68 percent of respondents sale their products and services in local market. Out of total 68 percent 31.25 percent respondents said that the traders come to their production place and purchase their finished product. Likewise 68.75 percent (out of total 68 percent) of respondents sale their product in local periodic market and local wholesale and retailers. In the

same way, 18.57 percent of respondents sale their products and services in district market centers. And 8.57 percent of respondents sale their products and services outside the district at Sindhuly, Saralihi, Siraha, Birgunj, Kathmandu etc. Only 4.29 percent of respondent sales their products and services out-side the country (Bihar state, India). By the information collected from field visit it is concluded that most of the entrepreneurs were still unable to expand their products and services market. They congested only within local area and also inside the district. Only few entrepreneurs reached outside the district and Bihar state (India) also but the number is negligible, which is shown in following diagram.

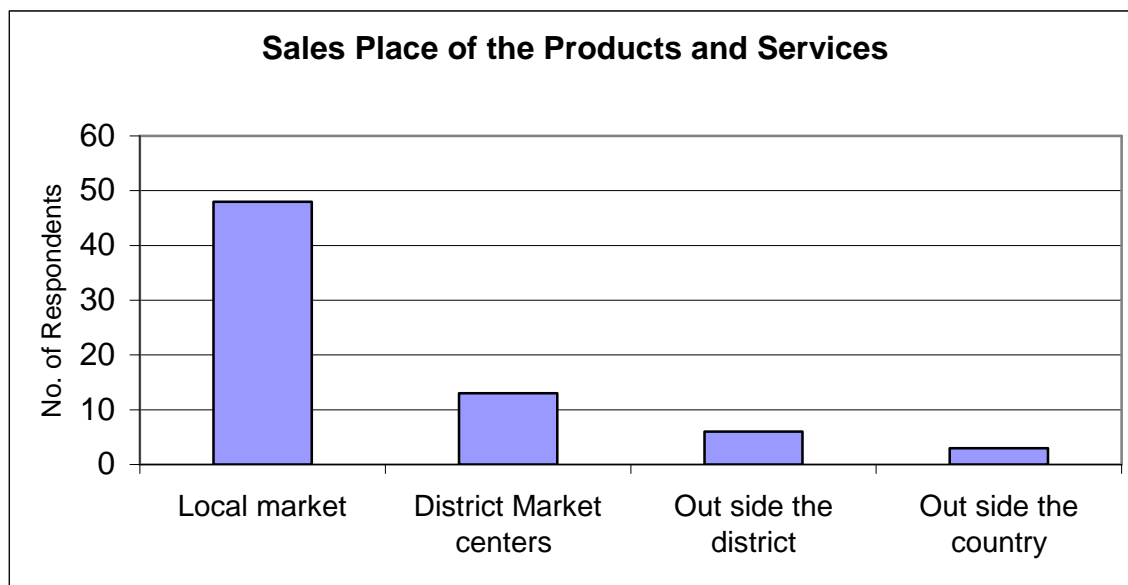


Figure 17: Sales Place of the Products and Services

### 6.17. Problems to Sell Products and Services in Market

Distribution of respondents by any difficulty to sell their products and services in the market is shown in following table.

Table 25: Distribution of Respondents by Problems to Sell their Products and Services

Difficult to sell	Respondents	
	Number	Percent
No	45	64.29
Yes	25	35.71
Total	70	100.00

Source: Field Survey, 2006

Above table reveals that if any difficulties faced by entrepreneurs or not to sell their products and services in the market. Where, 64.29 percent of respondents have opined that they have no any problem to sale their products and services. They can easily sell their products and services in the market. In the same way 35.71 percent of respondents have opined that some problems are faced by them to sale their products and services in the market. The problems are: breakdown of the goods at the time of transportation (specially, clay pot), credit sales, demanded in low price etc. Due to the lack of their own brand name they have some difficulties to sell their products in the market, they can not compete with large industrial product, although, their quality is high. Most of the entrepreneurs who specially produce Agarbatti, Nail polish, Tika, Soap, Dalmoth etc are suffered from such types of problem.

### 6.18. Status of Stock of the Products

Distribution of respondents to have any stock or not of their finished product is presented in the following table.



Table 26: Distribution of Respondents to the Status of Stock of Products

Stock of their product	Respondents	
	Number	Percent
Yes	22	31.43
No	48	68.57
Total	70	100.00

Source: Field Survey, 2006

The data presented in above table shows that around 31 percent of respondents have stock of their products and 68.57 percent of respondents have no any stock. The data presented by table shows that the maximum number of respondents have no any stock so their enterprise is fully success. But the real situation is that the entrepreneurs produce small level of production because they have very low risk-bearing capacity. So they have no stock.

### **6.19. Sales and Distributions Channel of the Products and Services**

Micro-enterprise refers family owned enterprise. It means all activities related to enterprise production, raw material purchase, sales management etc. are managed by owner him/her self. However, from the field visit of the study area it is found that some entrepreneurs sale and distribute their product through middleman. The sales and distribution channel is shown in following table.

Table 27: Distribution of Respondents by Sales and Distribution Channel

Sales and distribution channel	Respondents	
	Number	Percent
Self sale in production place	15	21.43
Self sale in local market	45	64.29
Through middle man	7	10.00
Through sales boy	3	4.28
Total	70	100.00

Source: Field Survey, 2006

The data presented in above table shows that the products and services sales and distribution channel by entrepreneurs in the study area. About 64.29 percent of respondents sell and distribute their products and services in local market by themselves. In the same way 21.43 percent of respondents sell and distribute their products and services in production place by themselves. Likewise 10 percent of respondents sell and distribute their products and services through middle man. And only 4.28 percent of respondents sell and distribute their products and services through sales boy. In this regard the maximum numbers of respondents sell and distribute their products and services within the local area and its periphery.

## 6.20. Market Situation of the Products and Services

The market of the products and services produced by micro-entrepreneurs is congested within the district. They are small entrepreneurs and they produce in small scale which is saleable in local market only. The condition of local market is not so bad which is presented in following table.

Table 28: Views of Respondents by Market Situation of Their Products and Services

Market Situation	Respondents	
	Number	Percent
Good	24	34.29
Better	18	25.71
Excellent	19	27.14
Not so Good	9	12.86
Total	70	100.00

Source: Field Survey, 2006

The above table reveals that 34.29 percent of respondents have said that market situation of their products and services is good. In the same way 25.71 percent of respondents accept that market situation of their products and services is better. Whereas 27.14 percent of respondents have accepted that their market situation is excellent. Only 12.86 percent of respondents have said their market situation is not so good. In this regard it is concluded that maximum number of respondents above 95 percent have said the

market situation of their products and services is satisfactory and only 4.29 percent of respondents are unsatisfied. The market situation of the products and services manufactured by micro entrepreneurs is presented in following diagram.

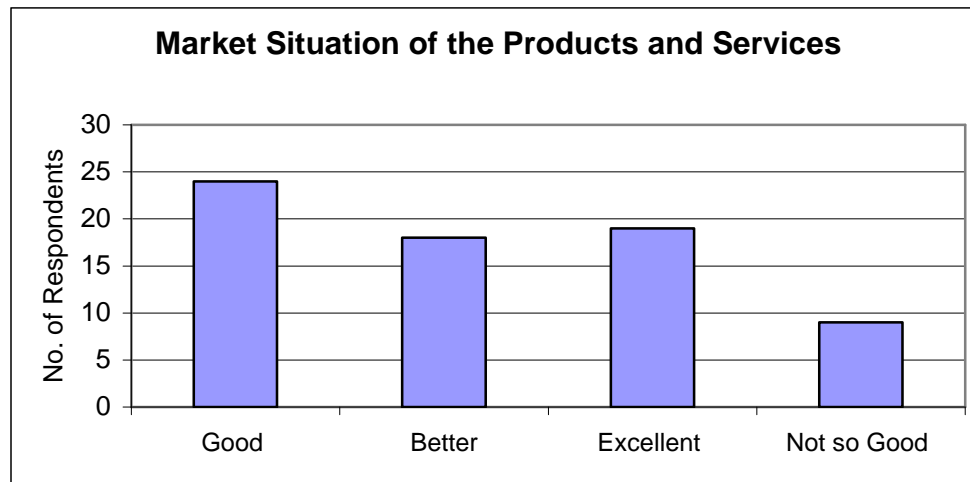


Figure 18: Market Situation of the Products and Services

### Case Study - II

*Nepe Mijar is a resident of Umaprempur VDC in Dhanusha district. He was unemployed and no any agricultural land. So, he used to work others agricultural land as a wage labour in daily wage base to fulfill his family's daily need. The PRA well being ranking and the MEDEP extensive baseline survey found his family to be living below the poverty line. He was a hard worker and looking for the opportunities which MEDEP was ready to provide through its program in the district to support the established and developed the micro-enterprises. After involving the entrepreneurship training and skilled development training organized by MEDEP he get profession business outlook and start the Bambo-craft*

### **6.21. Information About the Demand of their Products and Services from Other Places**

Most of the respondents were congested in local market and within the district. About 88 percent of respondents sale their products and services within the district. Hardly 12 percent of respondents were able to expand their market outside the district. But these also concerned with surrounded district. Due to the information gap about market potentiality entrepreneurs can not expand their market. Distribution of respondents who have any information about the demand of their products and services from other places except from where they use to sale is presented in following table.

Table 29: Distribution of Respondents Having Information About the Demand of their Products and Services from Other Places

Information	Respondents	
	Number	Percent
Yes	12	17.14
No	58	82.86
Total	70	100.00

Source: Field Survey, 2006

The above table shows that only 17.14 percent of respondents have informed about the demand of their products and services from other places where they usually sale. But they can not supply the goods due to the causes of high transportation cost and breakdown of the goods at the time of transportation from one place to another. Whereas, the maximum number of respondents nearly 83 percent have no any information about the demand of their products and services except from their usual sale places due to the cause of information gap.



## 6.22. Supply Situation of the Products and Services According to Demand

Distribution of respondents by able to supply their products and services according to demand is presented in following table.

Table 30: Supply Situation of the Products and Services According to Demand

Supply according to demand	Respondents	
	Number	Percent
Yes	32	45.71
No	23	32.86
Production is High than Demand	5	7.14
I don't know	10	14.29
Total	70	100.00

Source: Field Survey, 2006

The data presented in the above table shows that the maximum number of respondents nearly 46 percent were able to produce and supply their products and services according to demand. In the same way 32.86 percent of respondents were not able to produce and supply their products and services according to market demand. Only 7.14 percent of respondents have high level of production than market demand. Likewise, due to the causes of insufficient knowledge and information 14.29 percent of respondents were not aware about their production and supply ability and demand situation. They could not say their production level was able to meet the market demand.





### 6.23. Terms of Sales of their Products and Services

Distribution of respondents by terms of sales of their products and services is presented in following table.

Table 31: Distribution of Respondents Terms of Sales of their Products and Services

Terms of Sales	Respondents	
	Number	Percent
Cash	47	67.14
Credit	23	32.86
Total	70	100.00

Source : Field Survey, 2006

Above table shows that the terms of sales are cash and credit. Especially micro-entrepreneurs are small entrepreneurs they depend in micro-enterprise to fulfill their daily need. However, 67.14 percent of respondents sell their product in cash and 32.86 percent of respondents sell their product in credit. In the case of credit sales entrepreneurs face some problems to collect the credit money. The entrepreneurs have also some bad debts. Distribution of respondents by terms of sales is also presented by following pie-chart.

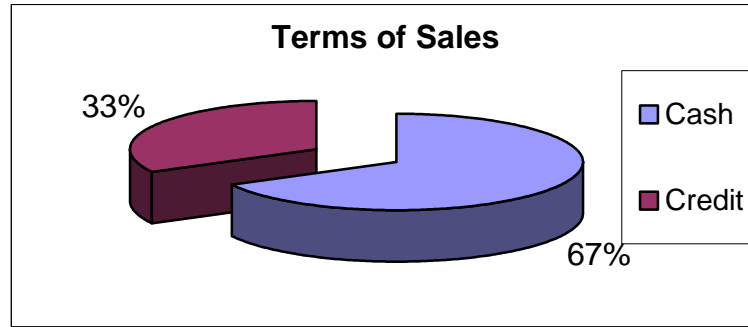


Figure 19: Terms of Sales

## 6.24 Status of Competitive Business in Local Area

Distribution of respondents by is there any competitive business in local area or not, which is presented in following table.

Table 32: Distribution of Respondents by Competitive Business in Local Area

Competition	Respondents	
	Number	Percent
Yes	32	45.71
High competition	29	41.43
No	9	12.86
Total	70	100.00

Source: Field Survey, 2006

Above table shows that the maximum numbers of respondents nearly 46 percent have opined there were some competitive business to their enterprise near by local area. In the same way 41.43 percent of respondents have opined there were high competitive businesses to their enterprise near by local area. Only 12.86 percent of respondents have opined there were no any competitions in the local area. The data is also presented in the following diagram.

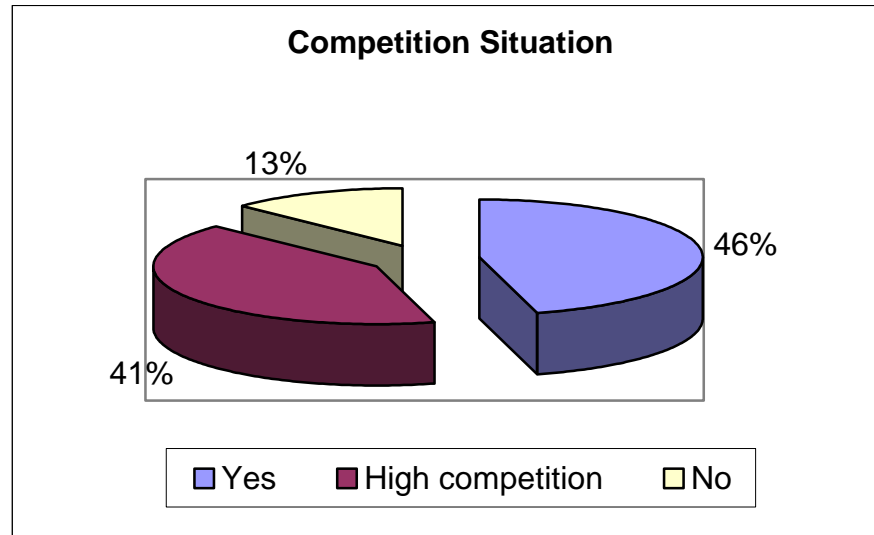


Figure 20: Competition Situation

### 6.25. Status of Advertisement About their Products and Services

Advertisement is the push factor to motivate the buyers to buy products and services. Lack of the proper advertisement sales promotion is not possible. Due to the lack of sufficient knowledge about the utilization of advertisement most of the micro-entrepreneurs never advertise about their product. The following table shows the advertisement situation of the entrepreneurs.

Table 33: Distribution of Respondents by Giving Advertisement about their Products and Services

Advertisement	Respondents	
	Number	Percent
Yes	7	10.00

No	63	90.00
Total	70	100.00

Source: Field Survey, 2006

Above table shows that 90 percent of respondents have never advertised about their business. Only 10 percent of respondents have advertised about their product. Due to the lack of knowledge about advertisement and benefit from advertisement they did not advertised about their business. Only 10 percent of respondents were advertised in local level like local news paper and loud speaker in cycle. And they also introduce their product in business-mala.

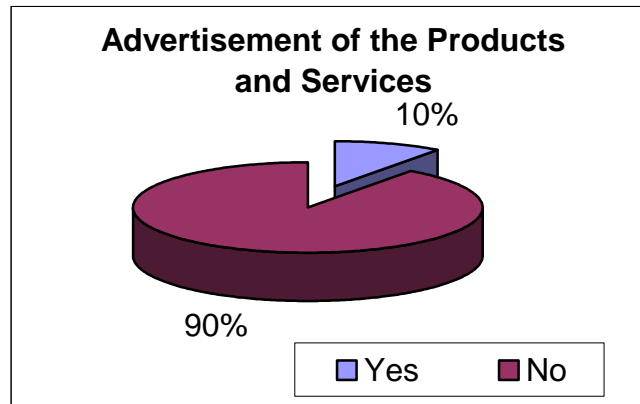


Figure 21: Advertisement of the Products and Services

### 6.26. Sales Price Determine by Entrepreneurs

To determine the price of the products and services is not easy task. At the time of field survey in different VDCs and ward No 12 of Janakpur municipality of Dhanusha district, a crucial question was raised by researcher that how they determine the sales price of

their products and services. This question is being little complex because most of the respondents are uneducated and literate only. They have no any idea about cost calculation, profit margin and managed records about products and sales. There is same problem in the case of service sector enterprise. They have also some difficulty to determine the price of their services. But all respondents accept that their profit margin is 15 percent to 50 percent of the cost. Most of the respondents have sold their products and services by themselves directly user or consumer. The sale price is not fixed. Price also depends upon bargaining capacity of the customer.

### 6.27. Status of Income Sufficiency for Daily Need

The following table presents the income sufficiency situation from their own enterprise of the sample households in the study area.

Table 34: Distribution of Respondents by the Sufficient Income for Daily Need

Status of sufficiency	Respondents	
	Number	Percent
Yes	28	40.00
No	20	28.57
More than Sufficient	22	31.43
Total	70	100.00

Source: Field Survey, 2006

The data presented in the above table shows that large number of respondent households were able to make sufficient income to fulfill daily need from their own micro-enterprise. Only 28.57 percent of respondents were unable to fulfill their need from their

own micro-enterprise. So they have other sources of income like agriculture, trade, wage labour and service also. Whereas, more than 31 percent of respondent households were found in very well condition. They can generate more income from their own micro-enterprise. They were also able to save money.

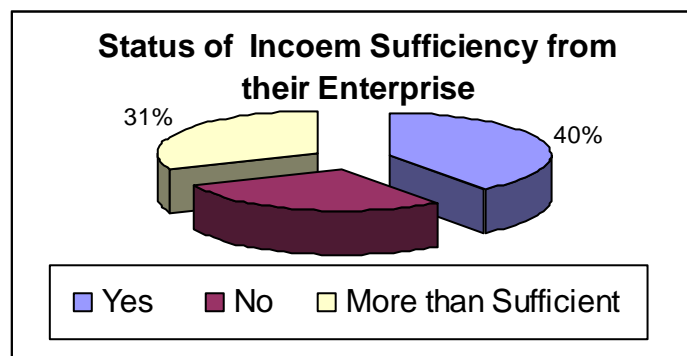


Figure 22: Status of Income Sufficiency from their Enterprise

### 6.28. Status of Using Money Earned from Enterprise

The main sources of income of all the respondents are micro enterprises. Although, they have other secondary sources of income like agriculture, wage labour, trade and commerce also. So the money they get from their enterprises usually used in their daily needs, and saved money used to buy assets and to re-invest in an enterprise also. Distribution of respondents by using saved money get from enterprise is presented in following table.

Table 35: Distribution of Respondents by Using Money Earned from Enterprise

Description	Respondents
-------------	-------------

	Number	Percent
Daily need	48	68.57
Buy Assets	13	18.57
Re invest an enterprise	9	12.86
Total	70	100.00

Source: Field Survey, 2006

The data presented in above table shows the using pattern of the money get from enterprise. Where 68.57 percent of respondents have used the money to got from enterprise for their daily need like household consumption, children's education, medicine and so on. In the same way, 18.57 percent of respondents have used the money to buy assets like house making, land purchase and other assets purchase. Only 12.86 percent of respondents have used money to reinvest their enterprise. In this regard it is concluded that most of the respondents have used money for their daily need. The distribution of money is also shown in the following pie-chart.

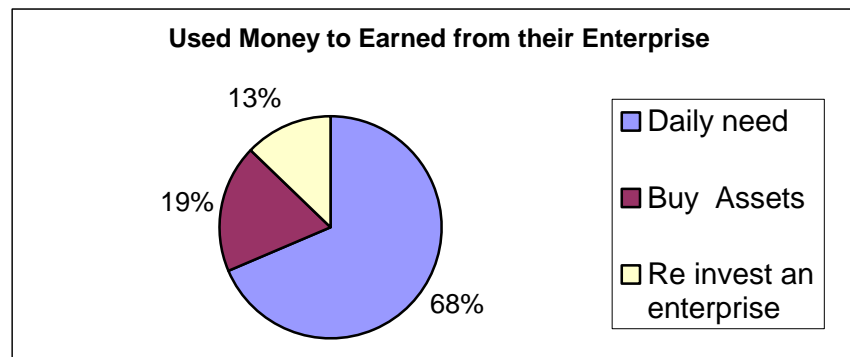


Figure 23: Used Money Earned from their Enterprise



## 6.29. Status of Living Standard

After involving the direct income generating activities people became self employed at first and improved their conditions in slow process. The following table distributes the respondents by the status of living standard after joining the MEDEP.

Table 36: Status of Living Standard after Joining the Program

Increase living standard	Respondents	
	Number	Percent
Yes	54	77.14
No	9	12.86
I don't know	7	10.00
Total	70	100.00

Source: Field Survey, 2006

The table reveals that more than 77 percent of the respondents have opined that there existed the positive change in their living standard especially, traditional agriculture dependent people were found involved in productive sector and enterprises. Likewise, other people who depend on wage labour they start small business there was also an improvement in the quality of life. It means that they themselves were able to create self employment situation in their own enterprise. Various trainings have played the role of catalyst for improving their business and living pattern, whereas, the health, education and other sectors are seemed gainful improvement.

Majority of the respondents 77.14 percent viewed that their living standard was increased after joining the program whereas at around 13 percent of respondents opined that there was no change in their life after joining the program. In the same way 10 percent

of the respondents responded neither negatively nor positively. It was found that those respondents who had not properly managed their income, there were no sign of positive improvement rather they were in trouble. The distribution of respondents by increasing living standard is shown in following pie chart.

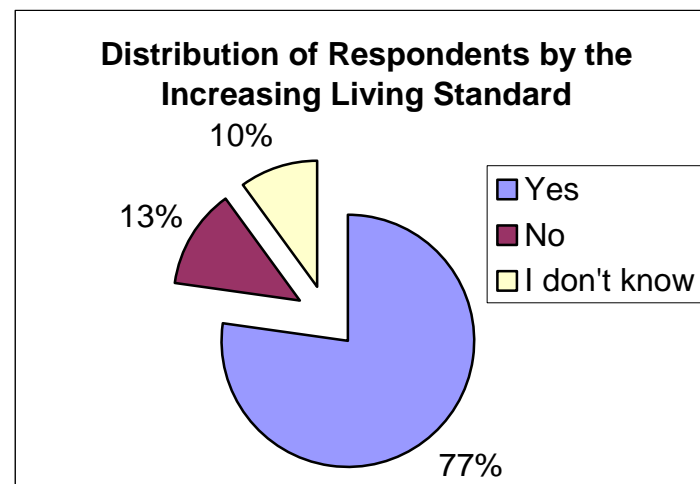


Figure 24: Status of Living Standard After Joining the Program

### **6.30. Market Potentiality**

Road Network is essential and most important for market expansion. Dhanusha district is a Terain district which is highly accessible from the transportation point of view. In the context of national scenario of road network the district has 14<sup>th</sup> position. In the transportation facilities air service, road service and the only one rail service of the country has access. Every VDCs of the district have road connection to the district headquarter. The district is closer to India. The southern border of the district is Bihar State. In this regard the entrepreneurs can easily supply their goods and bring necessary material within the district as well as other places of the country and also Bihar State.

- Some production oriented enterprises like Bambo craft enterprises (Naglo, Tokary, Muda etc), Dalmoth, Papad, Potato Chipies, Agarbatti are highly potential from the point of view of raw-material availability.
- Dhanusha district is a religious place of the country. There is high potentiality for cultural tourism. So the enterprises that support to tourism industry can be introduced in the district.
- There are high market potentiality of vegetable venders and cattle marketing also.
- Laha bangles and Tika making enterprises are high market potentiality due to the Terain culture.
- Soap making enterprises are also popular in the district which can be expanded

## Chapter-VI

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter summarizes the whole study, draws the conclusion and makes some applied recommendations based on the findings of the study for future improvement.

s

#### 7.1. Summary

The study entitled "Products and Services Marketing by Entrepreneurs: A Case Study of the Program Area of MEDEP at Dhanusha". The general objective of this study is to find out problems and prospect of product and services marketing by entrepreneurs in the study area. The study actually tries to deal about the products and services marketing by entrepreneurs. For this study Dhanusha district was taken as the study area where MEDEP has conducted Micro-enterprise development program since 1999 A.D. This study focused on the micro level in depth study. MEDEP focused on deprived and weaker section in the society. Especially ethnic groups, women and socially deprived groups were the respondents for this study.

On the basis of simple random sampling method altogether 70 entrepreneurs were chosen as the respondents of this study who have involved in micro-enterprises development program conducted by MEDEP from the technical support of UNDP. Eleven VDCs of Dhanusha district and ward no 12 of Janakpur municipality were selected for household survey of this study. This study is mainly based on primary data and necessary secondary data were also obtained from study area as well as from different sources like related offices, different books, journals and other related studies. The field survey was conducted in 10<sup>th</sup> Jestha 2063 and ended 1<sup>st</sup> Jestha 2063.

Structured questionnaire for the respondents and unstructured interview schedule for key informant interview were the major tools for data collection for the effective information. A total 70 entrepreneurs were taken as sample size form more than 1174 entrepreneurs, which covers 5.96 percent of the whole entrepreneurs of the study area. Out of 70 entrepreneurs 45.71 percent male entrepreneurs and 54.29 percent female entrepreneurs were chosen as the respondents of different ages between 20 to 60 years of age group, who have involved into micro-enterprises development program. Among them around 38.57 percent of respondents were literate, whereas few percent were educated, and at around 50 percent were totally illiterate. The female literacy rate was found lower than that of male. The most of the respondents fall in 3-5 family size groups and average family size of respondents household is 6.06. The trend of living in nuclear family is increasing in the study area.

Majority of the respondents found in disadvantaged and marginalized groups. Either they are land less or small land holders. Traditionally their major source of income is agriculture and wage labour. There is significant participation of Terai ethnic and occupational caste. Most of the respondents (92.86 percent) are Hindu and only 7.14 percent respondents are Buddhist.

Most of the respondents were not found to be totally depending upon single occupation. Micro-enterprises are the main source of income of the respondents. Altogether 35 percent of the respondents were totally depended on only micro-enterprise. Only 40 percent of respondents were found involved in the agriculture sector whereas 60 percent of respondents were found land less.

Before launching the Micro Enterprises Development Program in Dhanusha district by MEDEP (supported from UNDP) only few person do such type of entrepreneurial work (making nanglo, tokary and pottery) by seasonal. After launching the program they manufacture these goods in large scale as a main source of income. Whereas, 70 percent of respondents have established micro-enterprise through the inspiration of MEDEP. The purpose of establishing micro-enterprise is different but the main cause is economic self dependency which consist 38.57 percent. About 29 percent of the respondents were found to choose that type of particular enterprise for high market potentially. Likewise, doing by staying at home, lack of sufficient knowledge and skills about other enterprise, insufficient capital are other responsible factor to choose that type of particular enterprise.

The volume of starting capital to establish micro-enterprise in the study area is Rs.500 to Rs.75000. Most of the respondents have started their enterprise by investing small sum of capital up to 5000 which consists about 68 percent and only 4.29 percent of respondents invest above Rs.25000 as a starting capital which is also small but comparatively large than other entrepreneurs. Most of the respondents (75 percent) have taken loan from financial institution specially ADB/N Dhanusha, for essential capital to start micro-business. Out of these, 54.72 percent of respondents have paid their loan, and 45.28 percent of respondents are still paying installment.

MEDEP provide the training for possible entrepreneurs. Whereas, 88.57 percent have taken the entrepreneurship training, 55.71 percent have taken skilled development training and 11.42 percent have involved in one day group orientation. The main occupation of all respondents was micro-enterprise so they fully devoted there. Most of the respondents have worked 4-12 hours per day in

their enterprise and average working hours is 7.49 hours per day. Above 81 percent of respondents have continued their enterprise by family support and only 18.57 percent of respondents have other external works.

Most of the micro-enterprises were on the running Nepalese produced raw material available in local market and within the country. Some productive entrepreneurs have partially used foreign raw material purchased at Bihar state India. The percentage of locally produced raw material is more than 78 percent and more than 81 percent entrepreneurs purchase raw material within the country.

Most of the entrepreneurs are still unable to expand their products and services market. They congested only within local area and also inside the district. Only few entrepreneurs reached outside the district and Bihar state (India) also but the number is negligible. More than 68 percent in local market within district, and only 4.29 percent in out of country (Bihar state India) are the market place of the products and services produced by micro-entrepreneurs.

Majority of the respondents 64.29 percent have no any problem to sale their products and services in the market. Whereas 35.71 percent respondents have faced some problem to sale their products and services in the market. Most of the respondents (68.57 percent) have no any stock of their products.

Sales and distribution channels were managed by entrepreneurs themselves which consist 85.72 percent of the respondents. The market situation of the products and services produced by entrepreneurs are not so good and not bad. Due to the lack of information gap all entrepreneurs congested with the district. Majority of the entrepreneurs about 83 percent have no any information about the

demand of their product from other places except their usual sales. The production level of the product is almost low where only 7.14 percent of respondents have high level of production than market demand.

Nearly 67 percent of respondents sale their product in cash and 32.86 percent of respondents sale their product in credit. In the case of credit sales entrepreneurs faced some problems to collect the credit money; they have also some bed debts. It is found that the competition is very high in local area; only 12.86 percent of enterprises have no any competitors within local area.

The concept of advertisement was not introduced in the study area. Where only 10 percent respondents were advertising their product in local level, 90 percent enterprises are based on "Supply creates its own demand". 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. The money earned by enterprises were expended by entrepreneurs are 68.57 percent on daily need, 18.57 percent to buy assets and 12.86 percent were used to re-invest in an enterprise.

Road Network is essential and most important for market expansion. Dhanusha district is a Terain district which is highly accessible from the transportation point of view. Every VDCs of the district have road connection to the district headquarter. The southern border of the district is Bihar State. In this regard the entrepreneurs can easily supply their goods and bring necessary material within the district as well as other places of the country and also Bihar State.

The study reveals that there exist the positive change in the life of entrepreneurs after involving the micro enterprises development program from MEDEP. The change of occupation pattern wage labour to commercialization of micro-business is increasing. Where



previously 23 percent and 65 percent respondents used to involve in traditional agriculture and wage labour respectively. But at present only 30 percent of respondents engaged in wage labour. The trend of involving into direct income generating activities like micro-business are increasing significantly within deprived and ethnic groups. More than 77 percent of the respondents have accepted micro-enterprise bring the positive change in their living standard.

## **7.2. Conclusion**

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 Dhanusha 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.

- J Some of them have already done such type of entrepreneurial activities before launching the MEDEP. After launching the program it run smoothly.
- J Micro-enterprises are the main sources of income of the respondents. Altogether 35 percent of the respondents were totally depend on only micro-enterprise. The average working hours of the entrepreneurs in their enterprise is 7.49 hours per day.
- J 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.
- J The main purpose to establish micro-enterprise is economic self dependency which consist 38.57 percent.
- J 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.
- J 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.
- J 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.
- J 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".
- J 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.

- ) Dhanusha district is a religious place of the country. There is high potentiality for cultural tourism. So the enterprises that support to tourism industry can be introduced in the district.
- ) There are high market potentiality of vegetable venders.
- ) Laha bangles and Tika making enterprises are high market potentiality due to the Terain culture.
- ) Soap 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.

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.

### **7.3. Recommendations**

On the basis of findings of this study, some recommendations and suggestions have been made. It is hoped that this suggestion will initiate planner, policy-makers and local development officers, MEDEP and also those agencies who were working in the field of micro-enterprises to design appropriate and effective policies and programs to support micro-enterprises.

Marketing is the only activity of an enterprise that generates revenue. All other activities involve costs. Sales promotional activity is one of the most important tools for purport market mechanism. It is one of the most often neglected aspects of micro enterprises. Promotion is necessary to encourage buyers to purchase from these micro-enterprises rather than from competitors. These steps were taken for sales promotion:

- Entrepreneurship awareness programs are to be conducted to help local people learn about making economic decision and involving them in entrepreneurial activities.
- Feasible market study for new product is to be needed before launching the new product. They consist;
  - Market survey
  - Preliminary estimate of total demand in market
  - The share of market which micro-enterprises may be able to cover
  - Production level that can produce
- Marketing management knowledge and skill development programs are to be conducted to help entrepreneurs produce customer oriented products and services and upgrade their selling skills.
- Promotional activities like advertisements on local radio (F.M.), local news paper as well as national level is to be needed.

- Program on marketing support measures like exhibitions, show rooms, Bapar Mela and marketing networks are to be launched to provide entrepreneurs access to markets and overcome the difficulties caused by their socio-cultural environment at district level as well as national level.
- Technical skills training and transfer of technology programs are to be conducted to help potential entrepreneurs or feasible enterprises rather than just help them upgrade their qualifications.
- Saving and credit schemes, co-operative banking schemes and other similar credit schemes are to be promoted at local level to help entrepreneurs manage by themselves their credit needs while running enterprises.
- Business related problems, social barriers, personal weakness of women entrepreneurs need to be studied and incorporated in developing women entrepreneurship related policies, strategies and programs.
- Gender related issues are to be incorporated in women entrepreneurship development program to help women develop their capabilities to interact with their family and society.
- It is not possible that every individual entrepreneur go outside to purchase a little raw-material in the case of taking raw-material from outside the district. So there is a need to develop an effective organization or institution within the district level which provide raw material to the entrepreneurs at cheaper price and purchase the products produce by micro-entrepreneurs.
- To develop the separate identity and brand name to introduce the product produced by micro-entrepreneurs with in district level as possible.

Some valuable suggestions are recommended to expand government action in support of micro enterprises in the following area:

- Development of infrastructure for small-scale enterprises on a priority basis.
- Promotion of regional industrial development centers.

- Implementation of effective measures to ensure the supply of raw materials.
- Implementation of micro-enterprise promotion measures at the state level.

### **Recommendation for further research**

This study has actually tries to deal about the products and services marketing by entrepreneurs under MEDEP area in Dhanusha. it has mainly studied the problems and present status of the market, necessary condition and potentiality of products and services marketing. But it has not studies about the environmental impact and sustainability of enterprises, socio-economic and cultural impact of the program, program's role in poverty reduction and women empowerment and potentiality of different type of enterprises to be established which can be examined by another study.

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**Annex – I**

**Products and Services Marketing by Entrepreneurs in Dhanusha District  
Questionnaire for Micro-entrepreneurs**

Date:

1. Personal description of Micro-entrepreneurs:

- a) Name / Caste
- b) Age
- c) Number of Family Members:
- d) Marital status: Married / Unmarried/ Widow/ Divorce
- e) Religion:
- f) VDC/ Municipality:  
Ward:                      Tole:
- g) Education:    Literate ( )    Illiterate ( )            Educated ( )

2. What is the name of your business?

.....

Established date: ..... Month ..... Year

3. Have your any other family occupation except this enterprise. ?

- a) Yes ( )                      b) No ( )

If yes, what are they?

- a) Agriculture    b) Wage labour

- c) Service
- d) Trade / Commerce
- e) Other

4. What is your enterprise type?

- a) Productive or production oriented
- b) Service oriented
- c) Trade/ Commerce
- d) Other

5. From where do you appreciate to start this enterprise?

- a) From family
- b) Neighbour
- c) Fiends/ Relative
- d) MEDEP
- e) Other

6. What is the main cause that you have to start and run micro-enterprise?

- a) Economic self-dependency
- b) Utilization of skills and time
- c) Inadequate farming land
- d) Unemployment
- e) Other

7. Why did you choose particularly this enterprise rather than other enterprise?

- a) Lack of money to start other enterprise
- c) Lack of proper knowledge about other enterprise
- d) High market potentiality
- e) Operate by staying home

8. How much money did you invest in the Business start?

Rs. ....

9. From where did you manage essential capital?

- a) Family saving
- b) Land sale or deposit
- c) Loan from money lenders
- d) Loan from Bank and Financial institution

10. How much did you borrow?

Rs. ....

11. Did you paid borrowing money or not?

- a) Yes ( )
- b) No ( )

If no, how much money remaining for paying

Rs. ....

12. Did you get any training before starting this enterprise?

- a) Yes ( )
- b) No ( )

If yes what type of training you get and from where?

.....

13. How much time do you indulge in your enterprise per day?

..... hours per day.

14. Did your family members support you?

- a) Yes ( )
- b) No ( )

If yes

Person ..... Time in hour .....

15. Have you any external workers in your enterprise?

- a) Yes ( )                      b) No ( )

If yes, what type and how many of them?

Skilled ..... Unskilled .....

How much did you paid them (Salary / Wages)

.....

16. Have you any problem for production process?

- a)  
b)  
c)

17. What type of raw material did you use in your enterprise?

- a) Local product                      b) Nepalese product  
c) Foreign product

18. From where did you purchase raw material for your enterprise?

- a) With in district                      b) Out side the District (Nepal)  
c) Out side the Country (Bihar state, India)

19. Have you any problem to bring raw material?

- a)  
b)  
c)

20. Where do you sale your products and Services?

- a) Local market
- b) In side the country
- c) Outside the country

21. What is the market situation of your product and Services?

- a) Better
- b) Good
- c) Excellent
- d) Not so good

22. Simply sale your products and services in the market?

- a) Yes ( )
- (b) No ( )

If no, what are the problems to sale your products and services?

- a)
- b)
- c)

23. Have you any stock of your products?

- a) Yes ( )
- b) No ( )

24. Which channel did you sale your products and services?

- a) Self sale in production place
- b) Self sale in local market
- c) Through middle man
- d) sales boy

25. Did you have any information about to demand of your product form new places except your usual sales place?

- a) Yes ( )
- b) No ( )

26. How do you determine the sale price of your products and services?

- a)

b)

c)

27. Did you able to supply your products and services according to demand?

a) Yes ( )    b) No ( )    c) Production is high ( )    d) I don't know ( )

28. What is the terms of sales of your products and services?

a) Cash ( )                                  b) Credit ( )

If credit sale, is there any problem to collect money?

a)

b)

29. Have you any marketing problems of your products and services?

a)

b)

c)

30. Is there any competitive entrepreneur in your local area?

a) Yes ( )                                  b) No ( )                                  c) Very High ( )

31. Did you give any advertisement about your enterprise?

a) Yes ( )                                  b) No ( )

If yes, where?

a) Local newspaper                          b) Local Radio/ T.V.

c) Pamphlet /Posturing                      d) Others

32. Where did you used money you get from your enterprise?

- a) Daily need
- b) In business promotion
- c) Deposit in Bank
- d) Buy assets
- e) Other

33. Did you have sufficient income from your enterprise for your daily need?

- a) Yes ( )
- b) No ( )
- c) Saved ( )

34. Is there any complain about your products and services?

- a)
- b)
- c)

35. After involving the MEDEP and became an entrepreneurs did you fell any change in your life?

- a) Yes ( )
- b) No ( )

If yes, what are they?

- a)
- b)
- c)

36. What type of help did you want to expand your enterprise smoothly?



a)

b)

c)

37. At last, did you want to given any suggestion to MEDEP?

a)

b)

c)

Thanks You !