

**UNIVERSITY OF LJUBLJANA
FACULTY OF ECONOMICS**

and

**INTERNATIONAL CENTER FOR PROMOTION OF ENTERPRISES
(ICPE), LJUBLJANA**

MASTER'S DEGREE THESIS

**MICRO ENTERPRISE DEVELOPMENT PROGRAM (MEDEP)
AND THE INVOLVEMENT OF NEPAL'S RURAL WOMEN**

Ljubljana, September 2008

KRISHNA BAHADUR G.C.

Dedication

This thesis is dedicated to my grandfather **Mr. Hira Bahadur Gharti Chhetri**, who brought me up and since my childhood, gave the value of education as well as the knowledge of handicraft skill. I always love and remain indebted to him for caring to me and always lessoning the values of education and inculcating basic human values in my personality.

ACKNOWLEDGEMENT

I would like to express my earnest thanks and gratitude to my mentor Prof. **Dr. Mateja Drnovšek**, University of Ljubljana, Faculty of Economics, for her support and valuable guidance in preparation and completion of this thesis. I am deeply obliged to Prof. **Dr. Navenka Hrovatin**, who encouraged me in many ways to be my study better.

I would like to convey my sincere gratitude to **Mr. Priyadarshi Thakur**, the Director General of ICPE, without whose consistent support, encouragement, and appreciation, for my whole study.

I am extremely grateful to **Mr. Aswin Kumar Shrestha** the Program Director of MBA program who helped and encouraged me at every circumstance during the entire MBA program and had always been a source of strength and courage in writing this thesis and completing my whole studies.

I am very grateful to the MEDEP National Program Manager **Dr. Laxman Pun** (National Program Manager of MEDEP), **UNDP Nepal, Ministry of Industry Commerce and Supply, Ministry of Finance (Government of Nepal)**. I am thankful to ICPE and its staff-members for the appreciation, encouragement, and supports. Similarly, I am very much grateful to the staffs of Central library of Faculty of Economic University of Ljubljana.

I would like to thank a lot to **Mr. Shanker Subedi**, MEDEP Myagdi, who helped me providing necessary information for the thesis. It will be less to thank and gratitude to **Mr. Chandra Mani Shapkota**, former MBA scholar of ICPE, who provided me the valuable suggestions to complete my study and thesis. I am very much thankful to Mr. Rajesh Kulkarni, Balwan Singh Jaglan, Gyanesh Jha, Anugraha Das, Sanjiv Bharatiya and Khagen Bora who helped me to edit my entire thesis for proper English language structure.

Finally, I am quite indebted to my father **Khadka Bahadur G.C.**, mother **Bal Kumari G.C.**, wife **Devi G.C.**, daughter **Deeksha G.C.**, and son **Deekshit G.C.** without their consistent moral support I could not have succeeded in completing my study as well as my thesis. I can never forget to thank my younger brothers **Mr. Ram G.C.** and **Kshetra G.C.** who always helped me by providing the financial support. Similarly, my brother **Punya G.C.** helped me establishing contacts in Nepal. These made my task easier and more comfortable in making write and complete my thesis well in time.

Thank you!

Krishna Bahadur G.C.

Ljubljana, September 2008.

Author's Statement

I, Krishna Bahadur G.C., hereby certify to be the author of this Master's Degree Thesis that was written under the mentorship of Prof. Dr. Mateja Drnovšek and in compliance with the Act of Author's and Related Rights-Para. 1, Article 21. I herewith agree the thesis to be published on the website pages of the Faculty of Economics, University of Ljubljana, Slovenia.

Ljubljana, September 2008

.....
Krishna Bahadur G.C.

Table of Contents

Contents	Page
Dedication	i
Acknowledgement	ii
Author's Statement	iii
Table of Contents	iv
List of Figures	vii
List of Tables	vii
List of Boxes	vii
List of Abbreviation	viii
 1 INTRODUCTION	
1.1 Background of the Study	1
1.2 Statement of the Problem	3
1.3 Purpose of the Study	4
1.4 Research Questions	4
1.5 Objectives of the Thesis	4
1.6 Research Methodology	4
1.6.1 Research Method	5
1.6.2 Research Model	5
1.7 Contribution of the Study	6
1.8 Limitations of the Study	6
1.9 Chapter Schemes of the Thesis	7
 2 MICRO-ENTERPRISE AND WOMEN EMPOWERMENT	 7
 3 SOCIO-ECONOMIC STATUS OF WOMEN IN NEPAL	
3.1 Social Status of Women	15
3.1.1 Patriarchy and Marriage	16
3.1.2 Fertility and Family Planning	16
3.1.3 Health and Nutrition	17
3.1.4 Education and Literacy	18
3.1.5 Armed Conflict and Women	20
3.2 Economic Participation of Women	20
3.2.1 Women Access to Productive Resources	21
3.2.2 Working Conditions	22
3.2.3 Women in Agriculture	23
3.2.4 Women in Environment	24
3.2.5 Feminization of Poverty	25

3.3	Political Participation of Women	25
3.4	Gender Issues and Women Rights	26

4 MICRO-ENTERPRISE DEVELOPMENT PROGRAM IN NEPAL

4.1	Micro-Enterprises in Nepal	29
4.1.1	Types of Micro-Enterprises	30
4.1.2	Initiatives in the Development of Micro and Small Enterprises	30
4.1.3	Contribution of Small and Micro-Enterprise Sector in Nepal	31
4.2	Micro-Enterprise Development Program	33
4.3	Integrated Programs of MEDEP	33
4.3.1	Entrepreneurship Development	33
4.3.2	Gender Mainstreaming in MEDEP	34
4.3.3	HRD and Capacity Building	34
4.3.4	Appropriate Technology and Quality Assurance	35
4.3.5	Micro-Credit	35
4.4	Empowerment System/Tools Implemented by MEDEP	36
4.4.1	Extensive Training Workshop and Seminar	36
4.4.2	Study Tour	36
4.4.3	Preparation of Demo-Plot	37
4.4.4	Radio/TV Programs	37
4.4.5	Publications	37
4.4.6	Exhibition	37
4.5	MEDEP Products and Marketing	38
4.6	Achievement of the Program	39
4.7	Challenges and Barriers for the Program	39
4.7.1	Districts Level Changes and Delays	39
4.7.2	Loss of MEDEP MFI Partner	40
4.7.3	Conflict Related Disruptions and Danger	40
4.7.4	Marginalization of the MSEs	40
4.7.5	Lack of a Clear Definition	41
4.7.6	Gender Bias	41
4.7.7	Poor Job Quality in the MSEs	42

5 RELATIONSHIP AMONG INCOME GENERATION, MEDEP AND RURAL WOMEN

5.1	Income Generation (Poverty Reduction) Programs in Nepal	43
5.2	Current Five-Year Plan and Income Generation	45
5.2.1	Historical Overview	45
5.2.2	The Tenth Five-Year Plan, IG Strategy and Women	46
5.3	Women and Micro-Enterprise Development Program	47
5.4	MEDEP as a Tool for Income Generation	49

5.4.1	Source of Skill Development	50
5.4.2	Employment and MSEs	51
5.4.3	Source of Cash Income	52
5.5	Importance of People Participation and Sustainability of Program	52

6 DATA ANALYSIS AND PRESENTATION

6.1	Introduction of the Program	54
6.1.1	Objectives of the Program	54
6.1.2	Target Group	55
6.2	Impact of the Program	55
6.2.1	People Participation in the Various Programs	55
6.2.2	Participation in the Program up to September 2007	56
6.2.3	Entrepreneurs Creation	57
6.2.4	Micro-Entrepreneurs by Ethnic/Caste Categories	57
6.2.5	Enhancing Self-Employment through Micro-Enterprises	58
6.2.6	Utilization of Micro-Finance	59
6.2.7	Change in Per Capita Family Income	59
6.2.8	Increase in Per Capita Family Income, by Ethnicity	60
6.2.9	Increasing Family Income	60
6.3	Findings of the Study	62
6.3.1	Situation of Micro-Enterprises in Nepal	63
6.3.2	The Role of MEDEP in Income Generation	63
6.3.3	Role of MEDEP in Gender Equality and Social Inclusion	64
6.3.4	Gender Equality and Social Inclusion through the Process of IGA	65

7 SUMMARY, CONCLUSION AND RECOMMENDATION

7.1	Summary	67
7.2	Conclusion	69
7.3	Recommendations	71

REFERENCES, SOURCES AND INTERNET WEBSITES

References	73
Sources and Internet Websites	76

ANNEXES	xi
----------------	----

List of Figures

	Title	Page
Figure 1.1	Data Collection and Analysis Process	5
Figure 1.2	Proposed Research Model	6
Figure 5.1	Relationship among Income Generation, MEDEP, and Rural Women	49
Figure 6.1	Socio-Economic Impact through Income Generation Process	65

List of Tables

	Title	Page
Table 3.1	Fertility and Family Planning Rate Status by Education	17
Table 3.2	Present Condition of Women's Reproductive Health and Nutrition	17
Table 3.3	Community Health Service	18
Table 3.4	Literacy Rates by Age Group and Urban/Rural Area	19
Table 3.5	Proportion of Workers by Gender	21
Table 3.6	Women Participation in Member of Parliament	25
Table 4.1	Principal Indicators of Manufacturing Establishments by Type	32
Table 6.1	People Participation in Program (During Phase-I)	56
Table 6.2	Participation in the Program up to September 2007 (During Phase-II)	56
Table 6.3	Entrepreneurs Creation	57
Table 6.4	Micro-Entrepreneurs (up to Dec. 2005), by Ethnic/Caste Categories	58
Table 6.5	Enhancing Self-Employment through Micro-Enterprises	58
Table 6.6	Utilization of Micro-Finance	59
Table 6.7	Change in Per Capita Family Income, by Entrepreneurs' Gender	59
Table 6.8	Entrepreneurs' Increase in Per Capita Family Income, by Ethnicity	60
Table 6.9	Entrepreneurs' Increase in Per Capita Family Income (Phase-I)	61
Table 6.10	Entrepreneurs' Increase in Per Capita Family Income (Phase-II)	61
Table 6.11	Major Findings of the Analysis	62

List of Boxes

	Title	Page
Box 3.1	Labor Act and Labor Regulations, 1993	23
Box 3.2	Gender Issues and Women's Rights Included in the Interim Constitution	27
Box 3.3	Major Findings on Women Socio-Economic Situation	28
Box 5.1	Case Study (Reborn at Age 57)	51
Box 6.1	Success Story of Hira Maya	64
Box 6.2	Impact of the Program on Women's Situation	66

List of Abbreviations

ADB	Asian Development Bank
ADBN	Agriculture Development Bank Nepal
ANC	Antenatal Checkup
AUSAID	Australian Agency for International Development
BYVY	Build Your Village Yourself
CBO	Community Based Organization
CBS	Central Bureau of Statistics
CEDA	Committee for Economic Development of Australia
CFUG	Community Forest User Groups
CIA	Central Intelligence Agency
DAC	Development Assistance Committee
DANIDA	Danish International Development Agency
DDC	District Development Committee
DDC	District Development Committee
DFID	Department for International Development
DMEGA	District Micro Entrepreneurs Groups Association
ESCAP	Economic and Social Commission for Asia and the Pacific
EWN	Empowering Women in Nepal
FM	Frequency Modulation
FP	Family Planning
FUG	Forest User Group
FY	Fiscal Year
GDP	Gross Domestic Production
GNP	Gross National Production
GON	Government of Nepal
GO	Government Organization
HAN	Handicraft Association Nepal
HDI	Human Development Index
HMGN	His Majesty's Government of Nepal
HRD	Human Resource Development
HTTP	Hyperactive Text Transfer Protocol
ICIMOD	International Center for Integrated Mountain Development
ICPE	International Center for Promotion of Enterprises
IES	Itinerary Evaluation Survey
IFAD	International Fund for Agriculture Development
IGA	Income Generation Activities
ILO	International Labor Organization
INGO	International Non-Governmental Organization
IOF	Institute of Forestry
IPDP	Integrated Peace and Development Program
IPO	Implementing Partner Organization

IRR	Internal Rate of Return
JICA	Japan International Cooperation Agency
kg.	Kilogram
km.	Kilometer
LDC	Less Developed Countries
LDF	Local Development Fund
LED	Local Economic Development
LFP	Livelihood Forestry Program
LRMP	Land Resource Mapping Project
MBA	Master of Business Administration
MDG	Millennium Development Goal
MECD	Micro-Enterprise Creation and Development
MEDEP	Micro Enterprise Development Program
MEG	Micro Entrepreneurs Groups
MFI	Micro Finance Implementation
MOISC	Ministry of Industry Supply and Commerce
MOPE	Ministry of Population and Environment
MP	Member of Parliament
MPCW	Micro Credit Project for Women
MSE	Micro and Small Enterprises
NEFEJ	Nepal Forum of Environmental Journalists
NFN	NGO Federation of Nepal
NGO	Non-Governmental Organization
NMEGA	National Micro Entrepreneurs Group Association
NNSD	Nepal Network for Sustainable Development
NPC	National Planning Commission
NPV	Net Present Value
NRS	Nepali Rupees
NSLS	National Standard Living Survey
NTFP	Non-Timber Forest Products
OECD	Organization for Economic Co-operation and Development
PAF	Poverty Alleviation Fund
PCRW	Production Credit for Rural Women
PIM	Poverty and Impact Monitoring
PNC	Prenatal Care
PR	Poverty Reduction
PRSP	Poverty Reduction Strategy Paper
QIP	Quick Impact Project
RMDC	Rural Micro-Finance Development Centre
RRN	Rural Reconstruction Nepal
RSRF	Rural Self-Reliance Fund
SIDA	Swedish International Development Cooperation Agency

SIYB	Start and Improve Your Business
SLC	School Leaving Certificate
SME	Small and Medium Enterprises
sq.	Square
TFR	Total Fertility Rate
TV	Television
UDC	Under Developed Countries
UN	United Nations
UN	United Nations
UNDP	United Nations Development Program
UNICEF	United Nations International Children's Emergency Fund
UNIFEM	United Nations International Fund for Empowerment
URL	Uniform Resource Locator
USA	United State of America
USAID	United States Agencies for International Development
USD	United States Dollar
VDC	Village Development Committee
WAP	Women Awareness Program
WID	Women in Development
WWW	World Wide Web

Chapter - I

INTRODUCTION

1.1 Background of the Study

Nepal is a country of a great geographic diversity with a landmass descending from lofty Himalayan peaks to the green rice fields of the Indo-Genetic plains. It borders India to the east, west, and south, and the Tibet region of China to the north. It has the area of 147,181 sq km. Nepal has a great deal of variation in climate. Being a southern Asian country, the Himalayas stretch across the northern section of Nepal. The area is lightly populated, with little vegetation above the tree line (4,200 meters). It is home to the vast mountain range of the Himalayas. This tiny country has eight of the ten highest mountain peaks in the world, including Mount Everest, the highest peak in the world at 29,025 feet (8,848 meters) and mostly covered with permanent snowfields.

Nepal is one of the least developed countries in the world. As per the result of census 2001, total population of Nepal is 23,151,423 and the total households are 4,253,220. The male and female composition of population of the country is 11,563,921 and 11,587,502 respectively. Approximately 31 % of the total population is living below the poverty line. Agriculture provides a livelihood for over 80 % of the population and accounts for over 40 % of its gross national product (GNP). This demonstrates the large number of population reside in the rural area (CBS, 2001).

Kandel (2006, p. 51) compares Nepal to other under developed countries being covered by rural areas. There are 3,913 village development committees (VDCs) in contrast to 58 municipalities in Nepal. Most of the municipalities are also of village type if compared with international standards. As per 2001 census, 14.2 % of population live in urban and 85.8 % of population live in rural areas. Out of the total land area, 97 % is covered by rural areas.

The language and religion also vary regionally. According to 2001, census 92 languages are classified as mother tongues, and a large number of languages are categorized as 'unknown.' In some areas, people also speak the languages, which are very rare but knowledge of more than one language is common amongst the people of Nepal. Nepali is the national language and it is spoken the most (spoken by 48.6 % of the population). Maithili is the second most common language (12.3 %), and English is increasingly becoming popular as well as and is now a compulsory language in public schools and universities. With the end of the government's 'one-nation-one language' policy in 1991, the percentage of people reporting Nepali as their mother tongue has declined, and language has grown as a marker of social identification and social division.

Nepal is also the Hindu dominant country religiously. According to 2001 census, 80.6 % of Nepalese are Hindu. Moreover, shifts in the population's religious composition also reflect political changes. The 1990 constitution ended the government's promotion of Hindu nationalism and official suppression of political participation based on religious, cultural, and linguistic traits. This policy has enabled greater freedom of religious expression and allowed the census to enumerate officially groups that are more religious.

Nepal is one of a few countries in the world where women have a lower life expectancy than men. It is a direct reflection of the underprivileged status of women. In most castes and ethnic groups, Nepalese women have both lower status and heavier workloads. Social, cultural, religious factors play an important role in determining the value of women in the society. Women have the lowest value in the society and are supposed to work inside the house. Therefore, they fully depend upon their husband and other senior male members.

The economic situation of Nepalese women is very deplorable. According to Acharya and Bennet (1981), the economic and social issues are closely intertwined with mutual reinforcement. Sexuality of women is a social property and an "object" of negotiation for the giving and taking clans. Her access to resources is conditional by her sexuality. Parents prefer to spend on son's education rather than on that of a daughter because sons are responsible for parents' maintenance during old age while daughters are seen as temporary guests in their natal households.

As per the education level of Nepal, education and literacy statistics seems to have improved, but economic and cultural issues complicate the pursuit of education for many Nepalese. High poverty rates, particularly in rural areas present numerous obstacles. Poor families often need their children to work. The 2001 census data indicates that the overall literacy rate was 53.7 % of the total population aged 6 years and over. Gender differences in literacy were 65 % for males and 42 % for females. The rural literacy rate of females is 34.3 % while 64.4 % in urban Nepal.

Another challenge is the economic situation of the country. Nepal is among the poorest and the least developed countries in the world with almost one-third of its population living below the poverty line. Agriculture is the foundation of the economy, providing a livelihood for the three-fourths of the population and accounting for 38 % of GDP. Poverty is deeply entrenched and highly complex phenomenon. About four-fifths of the working population live in rural areas and depend on farming for their livelihoods. Rural poor people are generally illiterate, have large families, and are landless or have very small landholdings. Small, fragmented farming is a characteristic of Nepalese agriculture (MDG, 2004, pp. 16-18).

According to Nepal (2004), many rural women live in severe poverty without any means of improving conditions for themselves and their families. In rural areas there are very few employment opportunities; moreover, to work as a seasonal worker in agriculture or construction may not be an option for women. For those with little or no land some of self-employment in small-scale businesses presents a constructive option for income generation.

Women's enterprises tend to be relatively small, have informal structures, flexibility, low capital needs, modest educational requirements, high labor intensity, and depend on local raw materials. Women dependency on family labor and limited technical and managerial skills is their specific characteristic. Commonly, these enterprises are not registered, maintain no business records, and do not have access to financing by formal credit institutions. Minor trade, often seen in the past as non-productive serves to stimulate the production and consumption linkages in the local economy.

1.2 Statement of the Problem

Women's empowerment and gender equality through mainstreaming women's participation in more productive activities is the long-term strategy of poverty alleviation. In Nepal, savings and credit and micro-enterprise development has been one of the primary interventions to address women's empowerment. Women are to increase their level of income so that they can support the household financially and have increased share in decision-making leading her to a process of self-empowerment. Many small income generation activities such as sewing and knitting, cattle raising, opening up small teashops are examples of how to give women the opportunity to earn income in the past years. The flexible nature of work makes it easy to combine income generation with domestic responsibilities.

From the early days weaving has been a part of daily life in the hills and mountains. People in these regions still produce their own version of rugs known as Radi, Pakhi, and clothing material known as Lukuni (Shrestha, 1990). Women have a central role in such production. This is becoming the source of income for rural women. Women are also extensively involved in informal trade selling food, vegetables, and snacks in roadside stalls and local market. Production Credit for Rural Women has supported women's handicrafts as income generating activities such as rice straw papermaking, agro-products, and handicrafts. There is no other way of income source for the women in the rural areas. Due to the socio-cultural reason women has no chance to go for further job opportunity. By giving more emphasis to income generation programs the poverty level can be reduced.

In this way being involved in the micro-enterprises may be one of the most remarkable solutions for women to generate income. It is a great opportunity deal for them and for the national economic development given that the government will collect more royalties and taxes. This practice helps to empower the poor people and prevent the existence of socially backwarded environments.

Therefore, this research study would be fruitful to evaluate the impact of Micro- Enterprise Development Program in improving the livelihood of rural women and creating income generation activities. In this way **Micro-Enterprise Development Program (MEDEP) and the involvement of Nepal's rural women** is not only interesting from a research perspective but also beneficial to the progress of rural women and public policy making.

1.3 Purpose of the Study

The purpose of the thesis is to show the importance of MEDEP to skill development in starting up micro-enterprises, which helps to generate the income of Nepal's rural poor including women. A central goal of this thesis is to identify the opportunities and benefits accruing to the people who are involved in MEDEP. Finally, it is purposed to suggest some of the remedial measures for MEDEP as a tool for income generation in a sustainable way for the rural poor in Nepal.

1.4 Research Questions

To clarify the statement of the research problem, we pose the following questions:

- What is the situation of micro-enterprises development in Nepal?
- What is the role of MEDEP in income generation of poor people?
- What is the role of MEDEP in gender equality and social inclusion?
- Has the MEDEP helped towards more equality and social inclusion of rural women (through the process of income generation)?

1.5 Objectives of the Thesis

An overall objective of this thesis is to explain the impact of MEDEP in rural areas. The efforts made by the MEDEP to reduce the level of poverty amongst low income families has received national credit based on its comprehensive approach to develop rural enterprises with poor people, backward communities, women and people from ethnic and indigenous groups as its focus group. More clearly, the specific objectives of the thesis have been concentrated as follows:

- To analyze the situation of micro-enterprises in Nepal
- To show MEDEP as a tool for income generation (poverty reduction)
- To show the involvement of rural women in MEDEP
- To show the role of MEDEP in gender equality and social inclusion
- To show the impact of MEDEP on rural women.

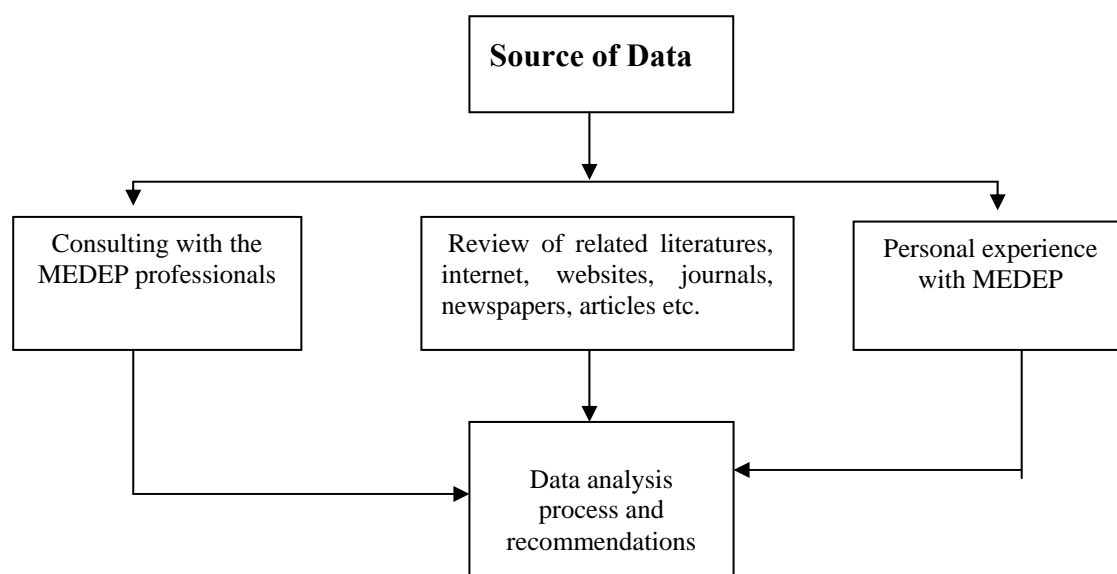
1.6 Research Methodology

Methodology of the study is the systematic process applied by the researcher in study of the research problem.

1.6.1 Research Method

Research method is the tool of collecting data from different sources, which may lead to the development of generalization, principles or theories resulting in prediction of the phenomenon and recommendation. In this study the research method will be applied on secondary data basis. Secondary data will be compiled from relevant databases, scientific journals, official reports, newspapers, e-mail correspondence, and information available on internet. Further discussions with the MEDEP professionals will be taken. They will be contacted via phone and e-mail. Given the geographical distance primary data cannot be collected at this point.

Figure 1.1: Data Collection and Analysis Process

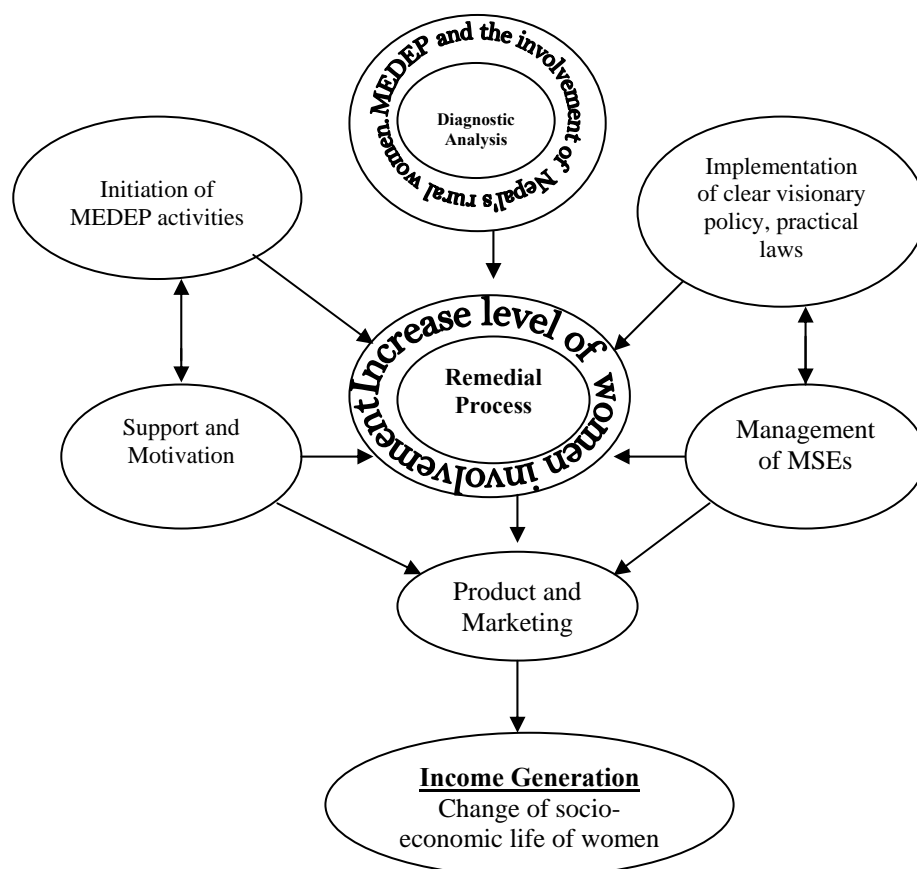


The data collected from different sources will be qualitative and quantitative in nature. Therefore, the exploratory, descriptive, and explanatory research methods will be used in this study. Some of the important case studies, success stories from the previous literature will also be analyzed to support research statement effectively. The exploratory research (literature review, interviews with experts in the subject matters etc.) will make this research meaningful.

1.6.2 Research Model

The research model is one of the necessary tools in gathering data and completing the study. In this thesis, the following research model will make the research easier and fulfill the objectives. Figure 1.2 represents the proposed research model in page no. 6.

Figure 1.2: The Proposed Research Model



1.7 Contribution of the Study

The purpose of the study is to give a systematic overview of how MEDEP is an essential tool for income generation for Nepal's rural poor people. This study has an intention to show the important role MEDEP is playing in generating women's income level, thus having a socio-economic impact. One of the important tasks of this research is to identify issues related to the status of the women in the society and issue of income generation involved in such enterprises.

Finally, it will provide recommendations to MEDEP on how to increase the participation of women in the program. The findings of the study will be one of the most important documents in this sub-sector and will benefit policy makers, planners, readers, students and other stakeholders.

1.8 Limitations of the Study

This research has been carried out for the partial fulfillment of the requirement for MBA program in the University of Ljubljana, Faculty of Economics and ICPE, Slovenia. The study will be concentrated on the MEDEP and rural women's involvement in the study areas.

Therefore, the findings of the research may not be representative for the needs of to each sector and region of the country Nepal.

However, this study will help in making up a new document for the management of MEDEP. This report will also helpful in planning the sectoral development of Nepal's rural areas

1.8 Chapter Schemes of the Thesis

In the first chapter background of the study, research statement, purpose, objectives of the study, research methodology, research model, and limitations of the study are outlined. The second chapter relates to the theoretical review of micro-enterprise and women empowerment. In the third chapter, there is a description of socio-economic status of women in Nepal. The societal and the economical part are the main attractive features in this chapter. In the chapter the status of rural women, the rural women and income, education, social, and political situation are analyzed. The fourth chapter is concerned with the situation of micro-enterprises and MEDEP in Nepal. The general information of small and micro-enterprises, types of micro-enterprises, programs for micro and small enterprises (MSEs) management, the description of MEDEP, achievements of program, empowerment system/tools, general status of the products and marketing, challenges and barriers of the program are also described. The fifth chapter is concerned with the topic of relationship among MEDEP, women involvement and income generation (poverty reduction) and the explanation of government and non-government implemented programs for poverty reduction. The government's five-year plan, income generation strategy for women and the strategies for the development of micro and small enterprises are its main part. MEDEP as the tool for income generation is also a key feature in this chapter. The sixth chapter is concerned with data analysis and results presentation, finally, in the last chapter of the thesis summary, conclusions and recommendations are outlined.

Chapter - II

MICRO-ENTERPRISE AND WOMEN EMPOWERMENT

In this chapter, the theoretical aspects related to the subject of micro-enterprises and involvement of women in income generation is systematically scrutinized. This chapter contains the description of concepts on economic development, micro-enterprises and poverty situation throughout the world. Economic development is the indicator of development of the nation. Income generation is the process of economic development and the income level of people is higher when they have the opportunity to be employed. Various programs have been implemented since many years for the poverty reduction in Nepal. Mostly, the programs are focused in the rural areas in order to increase the income level of rural women and socially backward people.

According to Lester (2005, p. 5), economic development is the development of economic wealth, use of development (such as businesses or infrastructure) that will improve the surrounding economy. For example, a municipality might build a new road that connects an isolated area with the center of town. This development should improve the economy of the isolated area by allowing easier transportation to a potential job in the center of town and of the town as a whole by improving the employment rate. Economic development is a staple in the growth of municipalities and the use of incentives continues to grow in popularity.

Lewis (2003, pp. 1-2) states that the term "economic growth" refers to the increase (or growth) of a specific measure such as real national income, gross domestic product or per capita income. National income or product is commonly expressed in terms of a measure of the aggregate value-added output of the domestic economy called gross domestic product (GDP). When the GDP of a nation rises, economists refer to it as economic growth.

While going through the discussion about the income generation it is observed the gender factor is the predominant. For the development of the nation, it is important that all section of society grow together.

According to Ghulam (2005, p. 25), women represent almost 50 % of the world population but simultaneously they are the most neglected and the poorer segment of the population. Women are poorer than men because mostly they are denied of equal rights and opportunities, lack the access to the financial and economic resources and are denied social status in the society specially in the under developed countries (UDCs). Therefore, the gender related issues remain central to development debate and the poverty reduction strategies.

Gender equality requires equal sharing of socially valued goods, opportunities, resources and rewards by women and men. Gender equality does not mean that men and women become the same, but that their opportunities and life chances are equal. The emphasis on gender equality and women's empowerment does not presume a particular model of gender equality for all societies and cultures, but reflects a concern that women and men have equal opportunities to make choices. Because of current disparities, equal treatment of women and men is not present. Equal treatment in the context of inequalities can mean the perpetuation of disparities. Achieving gender equality will require changes in institutional practices and social relations through which disparities are reinforced and sustained. It also requires a strong voice for women in shaping their societies (OECD, 1998).

According to UNDP, as cited by Ghulam (2005, p. 3) the gender equality refers to norms, values, attitudes and perceptions required to attain equal status between women and men without neutralizing the biological differences between women and men. In short, the gender equality means that women and men enjoy the equal status, entitlement and right both in economic and social spheres of life.

There are many studies and research carried out on gender, gender equality and economic development. The reviews of such studies mostly focus on the role of gender in economic

development and the impact of gender inequality in economic development. The review of the role of micro and small enterprises in income generation is explained in the following paragraphs.

Chen (2003, pp. 4-6) explains gender inequality in various forms is still prevalent around the world. Gender equality tends to be weaker in the poorer regions of the world. This indicates that gender equality tends to improve with economic development, gender inequality in education and presents the female to male ratio of the youth literacy rates of the various regions. It seems that from 1990 to 2002, the ratio has been consistently increasing in all regions of the world, indicating an improvement in gender equality in education. Gender equality in education in the South Asia, Sub-Saharan Africa and the Middle East and North Africa regions has been consistently below the global average. In 2002, the ratios were 79 %, 89 %, and 87 % in South Asia, Sub-Saharan Africa and Middle East and North Africa, respectively. Another indicator of gender inequality in education is the ratio of female to male students in primary and secondary schools. As with the ratio of youth literacy rates, all regions show an increase in the student ratio in the previous decade, which again depicts an improvement in gender equality in education. This measure also reveals South Asia, Sub-Saharan Africa, Middle East and North Africa to be weaker in gender equality than the rest of the regions. An alternative but equally important aspect of gender inequality is that of employment. As with the indicators of gender inequality in education, the female share of the labor force has been increasing in all regions over the period from 1990 to 2002. Even though there has been consistent improvement for the 1990-2002 periods, Latin America and the Caribbean, South Asia and the Middle East and North Africa have experienced more gender inequality in the labor market than the global average. While gender equality in education and employment has been substantially improving over time, the gender gap persists in all regions of the world today.

Another part is micro-enterprise and its role in economic development. Micro-enterprises are the resources for income generation for women in the community. For the least developed countries (LDCs), micro-enterprises have played the great role in income generation for the poor people. The development strategy of such MSEs is helpful to the nation's economic development. There are various studies carried out to show the role of micro and small enterprises in economic development by contributing in income generation. Such businesses are the landscape for economic development and mostly the means of income generation for rural community around the world.

According to Fraser (1998), as cited by John (2000, p. 3) a micro-enterprise is a very small business that produces goods or services for cash income. In general, micro-enterprises have limited access to capital, have few employees, and are often home-based. Not all micro-enterprises are family operated, but when family members do work for the business they frequently do so without pay. Small cooperatives can also be micro-enterprises. Micro-enterprises usually operate in the "informal sector" of a nation's economy, not paying taxes and not being tracked in official government statistics. Micro-enterprises may be small and officially invisible, but they are far from insignificant. In Chile, one-fourth of the labor force

works in micro-enterprises; in Columbia, nearly one-half and in Bolivia, more than one-half of the labor force is estimated to work in micro-enterprise. From 1992 to 1995, 90 % of the new jobs created in Bolivia were in micro-enterprise and the informal sector.

Micro-enterprise development is strategy to help low-income individuals achieve economic self-sufficiency. It has been used as important tool of developing the "informal sector" of both the developed western economies as well as the least developed countries (LDCs) economies that have been plagued neglect, poor planning and lack of social capital. In the developing world, as pointed out by Chu (1995) and cited by Julius, easily one third of labor force earn their living in what is known as the "informal sector", the portion of the self-employed population those very small, or "micro-enterprises", are often not registered, taxed or counted in national statistics. Many of the self-employed workers are, in most cases, unable to find jobs in the formal sector of the economy. Self-employment is a means to simultaneously earn an income and care for their families and still they can best use their skills by operating their own enterprise. Micro-enterprises cut across gender, and experiences have shown that they play a major role in income and employment generation (Julius (2003, p. 3)

According to Livingstone (1991), as cited by Julius (2003, p. 2) the promotion of micro-enterprises in developing countries is justified because of their ability to foster economic growth, alleviate poverty and generate employment. More significantly, small businesses tend to be in sectors that use labor-intensive production techniques, which reduces entry costs into the market and tolerates a less-skilled labor force. They are particularly important in underdeveloped economies where high information costs and fragmented markets favor firms with an intimate knowledge of local conditions and clientele that can use this information to produce and market for local needs. Besides, the flow of entrepreneurs emerging from a vigorous small business sector can greatly add to economy's overall flexibility and growth potential.

Dollar and Gatti (1999, p. 17) clarify that gender inequality to a considerable extent can be explained by religious variables, civil freedom and regional variables, and it is not simply an efficient economic choice. In an optimizing growth model, a religious preference not to educate girls is a distortion that can impede efficient accumulation and lead to slower growth. Similarly, market failure could lead to under-investment in girls: the clearest example is when families pass up efficient investments in girls because the benefits largely will accrue to another family.

According to Hill and King (1993), gender inequality in education has effects on the level of aggregate output. They find that a low female-male primary and secondary school enrollment ratio is associated with a lower level of GNP, even after controlling for the effects of female education on GNP. The reasons for the negative effects on gender inequality on economic development are still disputed. However, there various channels put forth via which gender inequality in education and employment can have negative effects on economic development.

According to Sebstad and Chen (1996, p. 17) important gender differences exist in the profile of clients. At the household level, several studies refer to differences between men and women in the ownership of land or housing, access to alternative sources of credit, labor allocation, expenditure patterns and decision-making roles. Gender differences find in marital status (with more single, divorced or widowed women than men) and education levels. These studies also found that women as head of households are over represented in many MSE programs and that these households are often characterized by their poverty and high dependency ratios.

According to Widemann and Merabet (1992), as cited by Donna and Linda (1999, pp. 34-40) there is gender division within MSE sector with women concentrated particular types of enterprises and activities. In Egypt, for example, one study covered 96 types of micro-enterprises, 28 of which involved women. Another study covered 43 types of enterprise, 14 of which involved women. There is evidence in some of the studies that suggests women's enterprises may be more likely than men's to have lower capitalization, different asset structures and fewer employees. In some cases, this may represent a historically defined gender division of labor; in others, it may reflect women's different enterprise goals, especially those related to risk.

Julis (2003, p. 5) finds in his study that male and female entrepreneurs face similar obstacles, that is to say a lack of access to credit and ineffective non-financial assistance in MSEs operations. In the area of specialization, men operated larger businesses in capital-intensive industries such as manufacturing, whereas women were inclined to own smaller businesses in commerce or the service sector. It is notable that in most of the literature on gender and MSE development; they all reveal common findings even in countries with vastly different cultural and economic settings, such as Egypt, Kenya, Indonesia, South Africa, and Poland. The overwhelming conclusion from literatures is that gender makes a significant difference in the establishment and development of micro and small-scale enterprises.

Ayyagari and Demirguc (2005, p. 36) write that micro-enterprises make an important contribution to economic output and employment in developing economies. While estimates vary greatly depending on definitions, recent work by the World Bank suggests that almost 30 % of employment in low-income countries is generated by the informal economy, while an additional 18 % is provided by (formal) small and medium enterprises. Together these two groups contribute 63 % of the GDP. Finance is a lifeline of any enterprise irrespective of its size. Micro-enterprise faces more problems in raising finance, as the provider of finance may not find the return on investment interesting as compared to large enterprise, and investor is more skeptical about repayment.

According to Liedholm and Donald (1999, pp. 2-9), micro and small enterprises (MSEs) are major features of the economic landscape in the developing countries today. The contribution of these enterprises to the creation of job and to the alleviation of the poverty has been practiced by many underdeveloped countries. They have been given prominence in many development plans as well as in the strategies of many donors. In most developing countries,

the contribution of MSEs to employment and income appear to have been increasing over time. This is an encouraging sign people are finding opportunities to participate in ways that empower and nourish many people particularly those who are most disadvantaged. To other observers, however, this increase in the number of people engaged in MSEs is a sign of failure of the economy to provide only minimal subsistence support. The majority of MSEs in most of the countries are owned and operated by women. In addition, since working proprietors are the single largest category of the labor force, the great majority of workers are also women. MSEs have the potential to contribute in a number of important ways to the development process. Among the most significant these are contribution to household income and welfare by providing income maintenance for those with few options and providing a basis for growth in income and welfare through asset accumulation, skill development and access to more rewarding economic opportunities by providing employment. Next, the contribution to social change, political stability and democracy through increasing confidence in local, representative community based institutions through the development of individual feelings of responsibility, participation in governance through the creation of institutional structures reflecting people's needs and objectives. The major importance is contribution to distributional or developmental objectives by providing new opportunities for the poor, providing new opportunities for the women and providing new opportunities for those in rural areas and in isolated locations.

The above description provides the concepts that for the income generation activities it is necessary to have gender balance and special focus on women. Women should be empowered and involved in economic activities equally. The research related on micro-enterprises and poor people clearly explains the role of launching this study.

According to Thapa (2007, p. 110), micro-enterprise focuses on the assets of the poor, rather than on their deficits and strives to empower citizens to become economically self-sustained. Unlike other poverty reduction programs that tend to create paternalistic relationships between the economically disadvantaged and those providing assistance, the goal of micro-enterprise is to empower citizens to become economically self-dependent. The popularity of micro-enterprises have been growing across the globe as a new form of development agenda of poverty reduction strategy and even more so in the developing world, because such enterprises offer income and employment opportunities. The role of micro-enterprises in rural poverty reduction is very important. The study has observed a positive role of micro-enterprises in the household income consequently reducing the rural poverty. It has also found that the size of economically active population in the family and level of education of the principal earner of the households also have positive influence in the household income.

Allo based micro-enterprise has a tremendous potentiality in the economic accelerate of the rural people. Allo enterprise does not show profit in the very first year of the processing due to the fixed cost of tools but within a five-year period, the entrepreneurs can enjoy profit. Projected five-year financial analysis showed profit after a year processing, if the processing is done more than once in a season, the profit can be maximized. Benefit received from Allo processing is 1.2 times greater than the cost incurred during its processing. NPV and IRR of

Allo processing are 6,613 and 75.97 % respectively. Mostly women from Magar families were involved at all stages of collection and processing of Allo plants in the study areas. Entrepreneurs were making different cloth items from Allo threads. If provided with appropriate technology to simplify the processing, it could increase the efficiency and productivity. MEDEP, Parbat is continuously providing entrepreneurship development training to the entrepreneurs. Financial and technical supports to Allo entrepreneurs are provided by livelihood forestry program (LFP), Parbat in co-ordination with MEDEP, Parbat (Thapa, 2003, p. 44).

According to Shapkota (2006, pp. 79-80), the function of income generation (poverty reduction) is not possible unless the people do not manage their NTFPs (resources) by themselves. It further provides the information that the local people, NTFPs (resources) and the application of appropriate management systems easily generate income source. Income generation is a supportive part of poverty reduction. There are many resources like forest (NTFPs) land and water in Nepal. Lack of scientific management with active people participation and the equity distribution of these resources, people have not been able to achieve their income proportionately. This has increased the distance between rich and poor people. Only the planned management of Nepal's forests with the active and direct participation of people, the condition of the forests as well as the condition of the local people has improved. Many of the local people are interested to form their community forest user groups so that it is easier to implement the system in their forest areas. Almost all the government and non-government programs have penetrated to the villages through the community forestry users groups (CFUGs). This makes the people unite and work together for the institutional and individual income as well. Leasehold forest user groups, religious forest user groups, community based organizations (CBOs) are some other suitable examples of grouping of the local people for the income generation in the mountain regions of Nepal.

Pun, Sapkota, Subedi and Binayee (2004, pp. 24-26) have summarized in their research paper on 'Micro-finance for small-scale tree and forest products enterprises: opportunities and challenges for the local producers in forestry' that community forestry program is a successful example of CBOs around the world and community forestry development program has been a successful program of government of Nepal. Community forestry policy and regulations have delegated authority and power to the CFUGs members to conserve, manage and utilize the forest resources within the community forest boundary. Nepal is rich in many forest-based resources such as timber, non-timber forest products including medicinal and aromatic plants, wild life, hunting resorts and eco-tourism. Vast resources are still unexploited for the economic and social development of the people. In Terai, timber-based enterprises, such as furniture making and construction materials preparing are common. As community forestry has been successfully practiced since long time in mountains, forest based small and micro-enterprises, both NTFPs and timber-based.

There is a good scope of investment in forest-based enterprises contributing to poverty reduction and economic development. However, private sector entrepreneurs are least attracted in investing in forest-based enterprises primarily due to the various risk factors such

as unclear and restrictive government policy and much worst policy implementation practices, uncertainty of regular supply and consistent quality of raw materials, under developed market, and difficulty in accessing financial services. Moreover, the potential entrepreneurs are unable to start micro and small business in forestry sector mainly due to difficulty in accessing financial services, marketing information and market linkage support, and appropriate technology. Micro-finance has become a common practice in development programs particularly in poverty alleviation programs in Nepal.

IFAD has concluded in the study 'Production credit for rural women in Nepal' that profitability of micro-enterprises; cottage industries and services are generally superior to that of livestock. This is significant since the trend in comparative advantage in production is definitely in favor of off-farm earnings because of rising land pressure. Off-farm employment is important in both the Hills and Terai. Moreover, food security is increasingly associated with off-farm employment rather than with ownership of land. For instance, all landless members interviewed in Kapilvastu were engaged in economic activities with relatively stable streams of income like shop keeping and retailing. Credit recovery according to the report was higher for cottage industry (47 %) and services (39 %) compared with that of livestock, (34 %). The latter are normally more reliable and they suggest that the profitability of micro-enterprises, cottage industries, and services is generally superior to that of livestock. According to the itinerary evaluation survey (IES) in Gorkha and Kapilvastu, the members in groups are taking credit for micro-enterprises to an average repayment rate of 65 % with livestock loans (www.ifad.org).

The review of previous studies shows that if local people can manage the resources properly it may be the reliable source of income for them. Another fact is that micro-finance and the forest based small enterprises are becoming effective way for the management of resources. They create the opportunities for income. It is because community forestry program is world wide popular. People in the rural community are somehow engaging in small business for income generating activities, organizing or involving in mother groups, father groups and CFUGs.

Through the above description, it seems that such income generating activities are focused in rural and backward community. Women are mainly focused in such activities because they have no opportunities for the income generation so such programs helps to provide job opportunities and increase in income. Rural women are involved in small and micro-enterprises for income generation since many years. Promoting and developing micro and small enterprises can help to create the jobs locally. Managing and promoting traditional and existing micro-enterprises, people can get chance to involve and can generate income, which will be helpful in improvement of standard of living.

Chapter – III

SOCIO-ECONOMIC STATUS OF WOMEN IN NEPAL

According to the census 2001, women comprised half of the total population of Nepal. The Nepalese constitution 1990 guarantees all citizens basic human rights and fundamental freedom but statutory laws that still discriminate against women can be found in the area of property rights and family law. The social status of women and their relative equality with men varies between different ethnic groups. In most communities, women's position is governed by patriarchal traditions and conventional assumptions of women's role in society are slow to change. A woman's place is generally in the home where her main duties include child caring and household related tasks. Women's access to education is limited and they have very few opportunities to engage in activities that would provide them with a greater degree of economic freedom. This chapter mostly focuses on the socio-economic factor of Nepalese women in detail.

3.1 Social Status of Women

Apart from the highest peak of the world, Mount Everest, Nepal is also famous for the birthplace of Lord Buddha. It is only Hindu nation in the world and having a unique tradition of tolerance and harmony among the followers of different religions. Nepal's total population is more than 23 million. Of the total population, 50.1 % is female and 49.9 % is male. The position of women in Nepal is not satisfactory like other under developed countries. Male dominated family system provides very little scope for the female to assert their identity. Economic and social opportunities due to illiteracy, poverty and conservative social taboos marginalize the women. However, the things are changing slowly and steadily (NLSS, 2004, p. 1).

According to Lewis (1991), the status of women in the context of their access to knowledge, economic resources and political power as well as their personal autonomy in the process of decision-making is generally subordinate to men. Women's relative status, however, varied from one ethnic group to another. The senior female member plays a commanding role within the family by controlling resources, making planting and harvesting decisions, determining the expenses and budget allocations. Yet women's lives remain centered on their traditional roles taking care of most household chores, fetching water and animal fodder, and doing farm work. They have limited access to markets, productive services, education and health care. Malnutrition and poverty hit women hardest. Female children usually get less food than male children, especially when the family experience food shortages (www.womenhistory.about.com).

According to Bureau of Democracy, Human Rights and Labor, (1999) women face discrimination, particularly in rural areas, where religious and cultural traditions, lack of

education and ignorance of the law remain severe impediments to their exercise of basic rights. Jobs market also directly discriminates against women. The majority of women are confined to the informal sector where wages are low, working hours are long and wage compensation is non-existent. Women also suffer from discriminatory practices in opportunities for education (www.3sistersadventure.com).

3.1.1 Patriarchy and Marriage

Bennett (1979, pp. 7-8) writes the majority of communities in Nepal are patriarchal. A woman's life is strongly influenced by her father and husband as reflected in the practice of patriarchal residence, patriarchal descent and by inheritance systems and family relations. Such patriarchal practices are further reinforced by the legal system. Marriage has an overwhelming importance in a woman's life. The event of marriage determines almost all her life options and subsequent livelihood. According to Hindu tradition, marriage is essential for all, whether man or woman. While a man's life is not considered complete without a wife, a woman has no option to marry. The overwhelming majority of both men and women are married before they are 25 years old. In the Indo-Aryan community, women are tied for life by their marriage bonds. A woman's power to accept or reject marriage partnership is evidently an index of the degree of freedom she exercises in the management of her own life and thus also of her status. In the case of early marriage, the children concerned are too young to comprehend the issues involved. By the time they understand the reality, they are tied for life. An increase in the mean age of marriage, therefore, may be taken as an indicator of increased power for individual women and men in the choice of their own life partners, and hence their empowerment. In the non-Aryan communities, they enjoy greater freedom of divorce and remarriage, but they face the risk of being left with young children without assets or helping hands to provide for them.

3.1.2 Fertility and Family Planning

In a patriarchal society, women get social status primarily from fertility as carriers of "tribe seeds" and mothers of the males who will take forward the name of the family. However, they have little control over their own fertility or children. In the Hindu tradition, women are worshipped for their fertility, in the high status of mother goddess, while infertility is considered a bother. On the other hand, childbirth and lactation force women to withdraw from active economic work, thus making them dependent on other members of society. Frequent pregnancies impair their health and sometimes even on their lives (Bennett, 1983). Therefore, one of the most important indicators of women's empowerment is control over their own fertility. To date, no research has focused on the degree of control that women exercise over their own fertility in the various communities of Nepal. Table 3.1 shows the status of family planning and the perception, behavior and the choice of women about their fertility (see Table 3.1 page no. 17).

Table 3.1: Fertility and Family Planning Rate Status by Education

Level of education	Mean ideal number of children	Fertility rate	Total wanted fertility	Unmet need (%)	Current use (%)	Total demand for FP (%)
All women	2.6	4.1	2.5	27.8	39.3	67.1
No Education	2.8	4.8	3.0	28.4	36.6	65.0
Primary	2.3	3.2	2.0	28.9	41.8	70.7
Some secondary	2.1	2.3	1.6	24.6	48.5	73.1
SLC and above	1.9	2.1	1.8	20.5	57.2	77.7

Source: Nepal Demographic and Health Survey, 2001.

Nepalese women have one of the highest total fertility rate (TFR) in the world, but the Table 3.1 shows that Nepalese women are bearing more babies than they actually idealize or want. It may very well be due to the unmet need of the contraceptive demand by women. It may also be due to lack of women's decision-making power or choice in fertility planning. As indicated by the education level, the family planning demand is high in the educated family. Therefore, the education level determines the women's awareness and choice for them.

3.1.3 Health and Nutrition

Nepalese society is a son-preferring society. As indicated above, women's right to life and right to health care services are exposed due to gender discrimination. Until 1990s, Nepal was the only country in the world where the life expectancy of women was lower than that of men. According to the census 2001, the life expectancy of male and female are 61 years and 60.8 years respectively. The level of health and nutrition is also very poor.

The following table shows the reproductive health services to women over the years.

Table 3.2: Present Condition of Women's Reproductive Health and Nutrition

Indicators	Fiscal year				% Change over 2003/2004
	2001/ 2002	2002/ 2003	2003/ 2004	2004/ 2005	
Receiving ANC 1st visit (%)	-	53	66	69	3
Receiving 4 ANC visit (%)	37.9	36.8	43.6	44.1	0.5
Receiving iron tablets (%)	57	68	88	84	-4
Births by skilled attendants (%)	15.0	16.1	18.0	20.2	2.2
Receiving adequate PNC visit (%)	14.0	18.8	28.3	30.4	2.1
Malnourished (%)		14.0	12.8	10.5	2.3

Source: NPC (2006, p. 34).

According to the Table 3.2, the percentage of ANC 1st and 4th visit, birth by skilled attendants and adequate PNC visit is increasing in respective years. Iron tablet receiving percentage is in increasing level but in 2004/5, it has decreased.

Considering the conditions that Nepalese women face, it is critical that women are educated about having full access to appropriate knowledge and skills for self-help, such as information about locally available medicinal herbs, plants and the traditional techniques of their usage. It is also very important that women have access to control over healthcare services from a women's rights perspective (www.worecnepal.org).

The percentage of the rural women's access to community health service is presented in the following table.

Table 3.3: Community Health Service

Year	Access to safe water/piped to house (%)			Access to adequate sanitation with sewerage (%)		
1996	32.8	Urban	46.4	9	Urban	52
		Rural	5.4		Rural	5.8
2004	43.9	Urban	53.3	12	Urban	54
		Rural	6.7		Rural	3.7

Source: Country Gender Profile (2007, p. 7).

Access to community health services in the rural areas are very low compared to urban areas. There seems to be a gap between urban and rural health and sanitation conditions. However, there is overall increase in access to these facilities comparatively much more improvement in urban areas.

3.1.4 Education and Literacy

Nepalese society is still traditional. In the rural area, girls are married in the early age. Society takes girls' education as burden. In the conservative society, it is believed that the daughters are supposed to go to their husbands' house so it is not necessary to educate them. Therefore, the women are less preferably to go to school. They are supposed to do household work rather than going to school. Nowadays daughter also are sent to school but they are not able to continue the study for various reasons (Acharya, 2005).

In the early 1990, a direct correlation existed between the level of education and status. Educated women had access to relatively high positions in the government and private service sectors, and they had a much higher status than uneducated women. This general rule was more applicable at the community level than at the household level. Within the family, an

educated woman did not necessarily hold a higher status than her uneducated counterpart. Also within the family, a woman's status, especially a daughter-in-law's status, more closely tied to her husband's authority and to her parental family's wealth and status than anything else (www.atheism.about.com).

In Nepal, it could be argued that it is the traditional and 'backward' views of the patriarchal society. There is social pressure for a woman to get married at a young age and to reside in her husband's family house in order to help with the running of the household. There is a lack of work opportunities for both men and women, the unemployment rate of Nepal is high, and the kind of work that available is often not suitable for women, namely heavy physical labor in construction, factories or mining (Country Gender Assessment, 1999).

The percentage of female literacy in rural region is lower than in urban. There is a huge difference between male and female literacy rate as well. The Table 3.4 shows the education status and the literacy of the women in the rural and urban Nepal by age and gender.

Table 3.4: Literacy Rates by Age Group and Urban/Rural Area

Urban Nepal				Rural Nepal			Nepal		
Age group(years)	Male (%)	Female (%)	Total (%)	Male (%)	Female (%)	Total (%)	Male (%)	Female (%)	Total (%)
6-9	69.3	62.2	65.8	37.1	33.6	35.4	40.8	36.7	38.8
10-14	93.6	86.1	90.0	75.1	65.0	70.3	77.5	67.7	72.8
15-19	93.1	89.5	91.4	85.8	64.0	74.4	87.0	67.8	77.1
20-24	94.9	83.1	88.8	80.1	50.8	62.4	83.4	56.3	67.5
25-29	93.4	79.9	86.0	70.7	33.3	48.2	75.3	41.1	55.1
30-34	90.0	69.3	79.3	63.9	25.0	42.0	69.0	32.4	48.7
35-39	87.5	55.2	70.7	62.5	16.4	36.6	67.9	23.7	43.4
40-44	82.6	53.0	68.0	49.0	11.0	28.1	56.1	18.3	35.7
45-49	83.7	45.1	63.3	48.5	10.4	28.2	54.3	16.0	38.8
50-54	77.6	37.9	59.9	39.0	3.8	19.3	45.4	7.5	24.7
55-59	66.0	19.1	41.6	37.7	2.6	21.6	41.7	5.5	24.7
60 and +	60.2	16.6	38.6	29.3	1.7	16.0	34.4	4.3	19.8
Total	84.5	64.4	74.4	59.3	34.3	46.1	63.5	38.9	50.6

Source:-NSLS (2003/2004, p. 66).

The literacy rate of female in age group 10-14 and 15-19 is higher than other groups. The literacy rate of rural areas is much lower than in urban areas. Only 34.3 % female are literate in the rural area. Many of the girls cannot continue school because the physical environment of the school and the teaching, learning environment are often not agreeable for young girls and contribute to high dropout rates. Many public schools lack toilet facilities and shortage of female teachers in schools that contributes to lower motivation for girls' attendance.

3.1.5 Armed Conflict and Women

The national crisis of Nepal was a great disaster for the women and the children. The country became sick with the internal conflict for the last 11 years. Maoist's rebels intended on setting up a communist republic and started a campaign against the constitutional monarchy. People are affected directly or indirectly by the conflict.

The insurgency led to an estimated 13,200 deaths and thousands of individuals and families were displaced. Thousands of people have been victims of strain, forced to displace and violence. The plight of women and girls were not better than that of their male counterparts as the gender specific violence and inequalities worsened by the conflict. Gender specific violence led to endlessly suffering of women and girls during the insurgency. Rape, sexual abuse and torture were widespread by both warring sides. Sexual violence was used as a tool to punish women for their alleged connection with either side of the conflict. Women were often forced to give birth in unsanitary settings because health posts were regular targets of destruction. Women and girls have been trafficked out of conflict-ridden areas only to find themselves victims of sexual and domestic slavery in other parts of Nepal and India. Mothers faced particular hardship. As men and young people migrated out of the country to stay away from the conflict and seek opportunities and mostly married women left behind to care for children and the elderly, creating a heavy burden of responsibility. Moreover Nepalese citizenship can only be passed down through the father, mothers who gave birth to children of displaced, missing or killed men were unable to confer citizenship on their children, creating a generation of 'stateless children' (UNIFEM, 2006).

In a pluralist society like Nepal, ensuring equal representation and participation of all communities and guaranteeing the rights of women and of minorities are among the most important tests of a democracy. The lack of women in politics has a profound impact on the style and content of policies, which can lead to situations of conflict. Now there is the improving condition Maoist has signed to quit the war and participating in political peace process so the people have the hope of the internal peace (www.peacewomen.org).

3.2 Economic Participation of Women

The strategic issues on the economic participation of women are limited access to productive assets, land and property, credit, and modern avenues of knowledge and information, reinforced by unequal inheritance laws and by social norms. That confine women's resource base only to marriage. Due to lack of education, training, information and bargaining power women's economic activities are concentrated in low-productive, subsistence agriculture, in low-wage, low-skill, menial jobs in the agriculture and non-agricultural sectors. High and increasing work burden without concomitant increase in access to resources further deteriorate the condition of women. The poor working environment, for example concentration at lower level jobs, lack of child care facilities at workplaces, lack of awareness of women's problems, the gaps between law and practice and child labors (girls more than

boys) are the major cause of deteriorating condition of women (Country Gender Assessment, 1999, pp. 25-27).

According to Karki (2008), average economically active population is 53 %, in which 62.56 % is male and 43.71 % is female. In urban area, only 28.03 % female population is economically active compared to 46.39 % in rural areas. The following table represents the employment scenario of women in different sectors.

Table 3.5: Proportion of Workers by Gender

Male	Agriculture, Fishery and Forestry (%)	Industry related (%)	Service related (%)	Female	Agriculture, Fishery and Forestry (%)	Industry related (%)	Service related (%)
1991	74.9	3.4	19.9		90.5	1.2	7.6
2001	60.3	12.5	24.9		72.8	9.7	14.9

Source: Country Gender Profile (2007, p. 3).

The Table 3.5 shows that most of the women are engaged in agricultural sector. The agriculture-based employments are either unpaid or merely paid. From the table it is clear that participation of women in industrial sector has increased from 1.2 % to 9.7 % and service sector from 7.6 % to 14.9 % respectively.

Very few women are engaged in gainful employment outside their homes. Between high status managerial and decision-making positions, women are negligible. A substantial proportion of women are employed as unpaid family labor either in agriculture or in male family members' enterprises. Majority is self-employed and they do this combining with their household chores and the subsistence agriculture (GON/UNDP, 2005).

3.2.1 Women Access to Productive Resources

Because of the patriarchal structure of the family, the state, and the legal system, women lack access to control over productive resources such as land, forest, credit, technology, and enterprises. As per the result of census 2001, only 17 % of the households reported that women in their families have some asset ownership. Among those who reported, 10.8 % of households reported that women in their families own land, 5.5 % of households reported that women in the families own the house and 7 % households reported that women also own livestock. In the area of micro-credit, in consideration to the government's policy of "one credit per one poor family," MFIs have not been able to reach to 66 % (two third) of the poor households (Sharma, 2004). In the area of the community forestry, critiques argue that women groups are too little in number (less than 5 %), too little in the forest area covered, and of poor quality forest (Rai and Buchy, 2004).

Although, households operating small-scale non-agricultural activities were enumerated in population census 2001, gender disaggregation about the ownership of these enterprises was not done. Similarly, in census of manufacturing establishments (2001/2002), neither the ownership nor the sex disaggregation of the ownership is enumerated. This lack of gender-disaggregated data about the ownership of enterprises limits information about women's access to and control over productive resources.

3.2.2 Working Conditions

Nepalese women are one of the most socially and culturally vulnerable groups exposed to discriminations at home due to patriarchal structure, to exclusions in the working place due to deficiency in the literacy, skills and to marginalization in the decision making process due to lack of executive and political experience, non-affirmative actions from government and constitutional flaws (Sharma, 2007, p. 2).

According to Banjare (2002), discrimination in employment and occupation covers a wide range of areas and includes access to vocational training, access to employment and to particular occupations and terms and conditions of work. The latter may include hours of work, rest periods, annual holidays, occupational health and safety, social security measures and welfare facilities as well as wages and benefits provided in connection with employment.

Shtrii (1995, pp. 70-73) has quoted that the constitution (1990) guarantees equal pay for men and women workers for similar jobs. General working conditions are governed by the Labor Act and the Trade Union Act; both enacted in 1992 and replaced old acts that had placed restrictions on the freedom of association. The Labor Act, which replaced a 1959 Act, incorporates provisions for job security, minimum wages, environmental health, security, welfare measures, a code of conduct and penalties, consultative and cooperative management, and labor courts for dispute settlement. The Trade Union Act is primarily geared at maintaining industrial peace while, at the same time, protecting the constitutional rights of workers to organize for collective bargaining and to restore their legal demands according to ILO standards.

This act has no gender-specific provisions. The Labor Act and the Labor Regulations (1993) formulated under the act have provisions specifically relevant to women. As shown in the Box 3.1, women are legally entitled to pay equally for similar jobs and to enjoy a series of gender-related privileges such as pregnancy leave, feeding intervals during work hours, and nursery school facilities. However, in practice, women are discriminated against because they are concentrated in lower paying jobs and are hired mostly at piece rates. Even official fixed wage rates are lower for tea estate workers, where women predominate (see Box 3.1 page no. 23).

WOMEN WORKERS' SPECIAL RIGHTS

- Fifty-two days of paid pregnancy leave up to two pregnancies, replaceable in case of death of either of the previous children.
- Crèche facilities equipped with necessary toys and staffed with trained caretakers for babies and children of the women workers, in cases where the factories employ more than 50 women and necessary breast-feeding time for women with breast-feeding babies.
- Separate toilet facilities for women and men in factories where employing more than 50 women.
- Working hours fixed at 48 hours per week or 8 hours per day, including a half-an-hour lunch break and allowing only 5 hours of continuous work.
- Overtime work allowed for four hours per day only, paid at 1.5 times the regular daily rate.
- Women and under-aged children may not be generally employed outside 6 a.m. to 6 p.m., except in cases of special agreements between the management and the workers, and in hotel, travel, tourism, and related businesses. In such cases, women must be provided with necessary security.
- Individuals may not generally be required to carry loads larger than their own body weight, except in cases of adult male workers carrying prepackaged loads. Allowable load for girls of 16-18 years of age is 20 kg. Boys in similar age groups may carry 25 kg. Adult men and women may carry 55 kg. and 45 kg., respectively.
- Current minimum wages, including allowances, fixed by the Government on the recommendations of the Minimum Wage Board constituted under the Act, range between NRS 1,400 for minor workers and NRS 2,150 for highly skilled workers. For workers in the tea estates, the rates are lower.

Source: ADB Country Gender Assessment (1999, p. 35).

The Box above shows the special provision for women. The act has provided the facilities mostly on the working environment, payment level, wages and so on.

3.2.3 Women in Agriculture

Feminization of agriculture in Nepal is characterized by increasing trend of women in the agricultural labor force and majority of women engaging in agriculture. Experts state that Nepalese agriculture characterizes by a heavy involvement of women as agricultural labor (Lohani and K.C., 2001). Among South Asian countries, women's involvement in agriculture is highest in Nepal it is about 90 % (Gender Profile, 2007, p. 13).

As per census 1991, women comprised 40.38 % of economically active population and 90.5 % of them were engaged in agriculture. During census 2001, the proportion of economically active women covered of 48.9 % showing an increase of 8.5 % within a decade of which 73 % were engaged in agriculture as against only 60 % of economically active men engaged in agriculture (CBS, 2004).

As per census 1991, women comprised of 45 % of the agricultural labor force, while in census 2001 they are comprised of 48 % of the agricultural labor force. Hence, the proportion of women in the agricultural labor force has increased in the decade and still majority of Nepalese women are engaged in agriculture. Among those engaged in agriculture, 94 % are rural women (Acharya, 2003). Women's participation is more than that of men in almost agricultural activities. In livestock raising, women's contribution is very significant. They are found to contribute 70 % of the labor in livestock raising. In addition, during the conflict situation and the migration of men from villages have contributed on women having to take the responsibility of agricultural production. They are involved in labor intensive and natural resources based farming system. Hence, the impact of environment degradation also falls heavily upon women (Country Gender Profile, 2007, p. 14).

3.2.4 Women in Environment

The degradation of the environment has already significantly affected women's lives. Continuing deforestation and degrading land fertility further put at risk the livelihood of households in the community as it increases the daily tasks of women. As deforestation advances and forest products become increasingly scarce, women are the ones who must walk further a field to collect fuel and fodder, adding hours to their already long workdays. Where deforestation is high, time needed to collect one load of fuel wood increases by 74 % and less time is allocated to agricultural activities (Shrestha and Bhandari, 2005, p. 6).

Rural women are not only household managers but also, formally or informally resource managers. In the Garhwal region, women listed 145 species of plants lost due to deforestation and limestone mining. They were able to categorize the species systematically, according to their utility, spatial, seasonal occurrence, fodder and fuel qualities (ESCAP, 1996). Women take care of farmyard fertilizer collection and application, which has an important consequence for soil fertility management in certain parts of the country farmers including women motivated to maintain productive livestock have found innovative ways to manage and conserve wastelands allocated to them (Bhatt, Shrestha, and Koirala, 1994).

The forests of Nepal, which occupy 37.6 % of total landmass, are a major natural resource. They supply about 90 % of the total fuel and more than 50 % of the fodder. Timber and herbs are other important forest products. Women use forest products for creating saleable commodities (LRMP, 1986). Women in rural Nepal have a very close relationship with forests. Collecting fuel wood meets 95 % of the cooking-energy consumption (Denholm, 1991). Collecting fodder and other forest products is most deadly and exhausting, which has

been performed traditionally and primarily by women. Women spend more than three-fourths of household in collecting forest products (Shrestha and Bhandari, 2005).

3.2.5 Feminization of Poverty

Nepal Living Standard Survey (2004) shows still 31 % of Nepalese fall below the poverty line. Firstly and generally, the impact of poverty falls excessively on women and girls resulting in human scarcity, in terms of access to food and nutrition, access to education, access to other human development opportunities and excessive work burden. Even if a household does not fall below the poverty line, but is in the state of poverty at doorstep. The share of women and girls in intra-household resource distribution is very low resulting in human deprivation poverty status, depicted by infant mortality rate (40.2 for girls as against 27.8 for boys); under five mortality rate (112.4 for girls as against 104.8 for boys); maternal mortality rate (415/100000 live birth) and the fertility rate as 4.1.

According to Gender Profile (2007, p. 12) women remain poor due to the lack of access to and control over productive resources. Poverty also instigates male emigration resulting in the burden of agriculture and household maintenance upon women and with a very high chance of family disruption due to the absence of male from the family for a long duration. Census 2001 revealed that the proportion of male migrants was much larger (89 %) than the proportion of female migrants (11 %). A larger proportion of women (76 %) than men (50 %) are engaged in agriculture and the household maintenance work.

3.3 Political Participation of Women

According to Karki and Koirala (2007), the political system was almost closed and political participation was extremely limited to women up to 1990 in Nepal. After the popular movement of 1990 (Jana Andolan I), parliamentary democracy was restored and a new constitution was promulgated. The new constitution stated that at least 5 % of women candidates from each political party should be guaranteed seats in the House of Representatives and at least three women should be nominated to the National Assembly. The following Table shows the women representation in Member of Parliament.

Table 3.6: Women Participation in Member of Parliament

Year	House of Representatives			National Assembly		
	Women MPs	Total MPs	Women %	Women MPs	Total MPs	Women %
1991	7	205	3.41	3	60	5
1994	7	205	3.41	5	60	8.3
2004	12	205	5.85	9	60	15

Source: Karki and Koirala (2007, p. 29).

The Table 3.6 shows the women representation in house of representatives and National assembly in different three years. In the national level, 15 % in upper house and 5.85 % were represented in lower house in 2004 election this is the very poor presentation of women in politics. The Local Government Act of 1997 also guarantees at least 20 % female representation in local level politics, but practically reality does not live up to these legal provisions (Bhusal, 1998).

3.4 Gender Issues and Women Rights

Gender, as defined by the World Bank, is a set of socially constructed roles based on cultural interpretations of biological differences in men and women. From this, assumptions about appropriate male and female behavior and activities, the rights, resources and power they possess are derived. Due to existing gendered cultural norms, economic institutions, and legal systems, women throughout the world do not have command over economic resources and assets to the same extent as men. This hinders women from fully contributing to the economy. In addition, women's range of employment choices and personal development are often limited, impeding them from realizing their full potential as individuals and economic agents.

There are some beliefs still rooted in the Nepali society reflecting the insulting attitude towards girl child and women that shows the women rights. The sayings towards girl child and women in the society are:

- Dhilo paye, Chhora paye (Let it be late, but let it be a son)
- Chhora paye swarga jaane (The birth of a son paves the way to heaven)
- Chhora bhaye sansar ujyalo, Chhori bhaye bhanchha ujyalo (Son brightens the whole world, whereas a daughter brightens only the kitchen)
- Srimati bhaneko paitalako dhulo ho (Wife is the dust of the foot)
- Pothi base ghar mahscha (A woman ruled house is sure to be destroyed).

Gender bias or discrimination against women, has a great effect on the general well being of women and girls in Nepal. There are two main effects of this discrimination. The first effect is on women's health and the second effect is on women's education. Parents, in the rural areas assume that a daughter will go to her husband's house eventually, so there is no benefit in educating them.

Easter (1970, pp. 536-537) describes as distinction between activities outside and inside the household become clearer during the process of modernization and urbanization, women tend to be driven towards the household, being confined to reproductive and consumption activities. Such a 'domestication of women' may cause a decline in women's decision-making power inside the household.

Women have less possibility to education thus; they have no chance of employment. On the other hand, in the physical workwomen working environment has become the problem for women. In the present context, women are employed in the private schools as teacher and

somewhere as social worker. There is saying in the society ‘son is the source of income.’ This represents the gender bias in employment sector also. In this interim constitution, there are new policies for the gender and women issues. The following Box explains those issues in the Interim Constitution (2007).

Box 3.2: Gender Issues and Women’s Rights Included in the Interim Constitution (2007)

Interim Constitution of Nepal (2007) commits to solving the problem of gender discrimination with following specific provisions:

Article 8: Citizenship

- Conferring citizenship to child if father and mother is Nepali citizen
- Women of foreign nationality who has matrimonial relationship with Nepali citizen if she wishes
- A child born by Nepali woman married to foreign national if the child is born and brought up in Nepal and has no citizenship of father’s country.

Article 13: Right to Equality

- No discrimination on the basis of sex
- Special measures could be adopted through enactment of law for protection, empowerment and advancement of women
- Equal remuneration and social security for equal work.

Article 20: Women’s Right

- There shall be no discrimination just because that person is a woman
- Each woman shall have reproductive health and fertility rights
- There shall be no physical, mental or any other form of violence against women and such act shall be legally punishable
- Sons and daughters will have equal inheritance right.

Source: Gender Profile, 2007 (2007, pp. 21-22).

The social, cultural, religious, educational, health, political and poverty are the reasons affecting women’s socio-economic life. To improve the socio-economic life of women it is necessary to empower and provide the equal prospect. In the government level as well non-government level, women empowerment has been practicing. The women’s increasing economic involvement has raised their status through building up their confidence and skills.

Realizing the crucial role of women for the country’s development, various women’s development programs have been instituted by HMGN, bilateral and multilateral donors, INGOs and NGOs. Many of the programs have had a micro-credit component often combined with literacy, health and income-generating activities to give women some measure of economic independence. The Box 3.3 represents the summary and the findings of this chapter (see Box 3.3 page no.28).

Box 3.3 Major Findings on Women Socio-Economic Situation

- Marriage is determined by other family members
- Religion, culture and traditions affect marriage system
- Widow marriage is not taken easily, now remarriage is being normal
- Fertility is taken as a gift of god and obligatory to bear more children
- Family planning is taken as out of social and cultural value
- Educated women who are SLC and above 77.7 % of them demand family planning
- About 44.1 % women have pregnancy checkup
- Women receiving iron tablets is 84 %
- No access to specialist, medicinal herbal plant and traditional techniques are common
- Only 34.3 % women are literate in rural area
- Son preferred society, lack of physical, teaching, and learning environment for girls
- Most women became widow, sexually harassed, migration, husband died involving in war, infrastructure destroyed by armed conflict
- Poor environment, lack of opportunities, not effective and adequate implementation of labor act and regulation for women
- Paternal right in property and resources
- Only 17 % women have access to productive resources
- 72.8 % women are employed in agriculture-based working, 9.7 % industry related and 14.9 % service related
- Women in rural, 94 % are engaged in agriculture
- No other options to be employed, no opportunity of industrial employment
- 75 % of women are involved in environment related works, livestock raising, fodder collection, firewood collection
- In the national level, 15 % in upper house and in 2004 election only 5.85 % MPs represent by women this is the very poor presentation of women in politics.

Source: Based on chapter analysis

Various factors are responsible for the low position of women in the society. Working condition and access to the resources are the main factors responsible for less participation of women in the economic activities. Position of women in political activities is insignificant which creates the situation less favorable to women participation. These all represents the position of women in the society. The political and economic transformations seem to be occurring everywhere, as countries are transforming from command to demand economies, dictatorships to democracy, and monarchies to democracy to build new civil institutions. These changes have created economic opportunities for women around the world.

Chapter - IV

MICRO-ENTERPRISE DEVELOPMENT PROGRAM IN NEPAL

4.1 Micro-Enterprises in Nepal

Various micro and small enterprises (MSEs) are spread throughout Nepal. They can be found everywhere from the heart of Kathmandu to the highlands and in the remotest areas. MSEs perform a vital role in Nepal's economic and social development. In local level, MSEs create jobs and generate income. Poor households obtain essential incomes through the revenues of micro-enterprises.

According to the ILO MSE's Survey (2003), the majority of employment at least two third is in MSEs. Nepal Labour Force Survey (1998/99) showed that the employment number in MSEs was 1.6 million people. In micro-enterprises there are 2.97 % average employees, 2.24 % self employed and 0.73% wage employed. MSEs also add value to local products and provide essential local services. However, among these benefits there are problems. Many MSEs offer poorly paid and insecure employment with inadequate working conditions. Very few micro-enterprises survive long enough to grow into small enterprises. MSEs are facing new challenges as the impact of globalization; competition from outside Nepal could easily lead to an erosion of many of the benefits the sector currently provides.

According to Nepal (2004, p. 2) the term micro-enterprises when used in Nepal generally means a very small enterprises, with an average investment of around NRS 20,000 (USD 300) and annual turnover of around NRS 250,000 (USD 3,700). The overall nationwide employment provided by micro-enterprises slightly exceeds 3 %. MSEs operate at the local level to meet the requirement of local people. Very few have extended their market to the district or national level. A large number of such enterprises are neither recognized nor recorded, so they play no role to proper marketing systems and opportunities. MSEs have a crucial role to play in generating employment opportunities and alleviating poverty in Nepal, although their role has not been anticipated. Since their contribution in totality is proving to be significant, it is forcing policymakers, academics and others to consider MSEs as a vehicle to economic progression at the grassroots level.

Nepal is one of the least developed countries in the world and it requires fast economic development. Improvement in economic field, on the other hand means reducing poverty. Since a large chunk of Nepalese people live below the poverty line, economic development ignoring them has no sense and virtually impossible too. The economic development in Nepal means uplifting the people from below the poverty line and providing human like living standard to them. Considering this, Nepal's major effort is concentrated in poverty alleviation (PA) through tenth plan (TP) (Kandel, 2006).

Nepal has implemented various programs for poverty alleviation. Democratic government formulated the eighth plan as by the elected first time after the restoration of democracy in 1990 and the plan focused poverty alleviation program more. Before 1990, many programs of development were such as Tribhuvan GramVikas Program, Development Programs in Panchayat Era (1961-1989), Departmental Projects for Local Development, Land Reform and Resettlement Program, Rapti Valley Development Program, Remote Area Development Program, Hill Transport Development Program, Regional Intensive Development Program. Similarly, government of Nepal implemented Integrated Rural Development Program, Targeted Credit Program, Agriculture Input Subsidy, Food Subsidy, Capital, and Interest Subsidy, Development Budget for Rural Self-help, Build Your Village Yourself (BYVY), and Self-reliance Program. However, the programs Ganesh Man Peace Movement and Integrated Peace and Development Program (IPDP) also were exercised in Maoist affected areas (NPC, 2003).

The absence of an appropriate definition of micro-enterprises, lack of policies and regulations are major concerns towards the development and promotion of MSEs. According to industrial act 1992 micro and cottage industries are the traditional industries utilizing specific skill, local raw material, resources, labor intensive, related with national tradition, art and culture. They are 8,450 in number. Likewise, industries with fixed asset of up to an amount of 30 million NRS have named as small industries. They are 69,822 in number.

4.1.1 Types of Micro-Enterprises

According to Nepal (2004) at present, there are two types of micro-enterprises: formal and informal. The classification based on the product and the sources being used are:

- Agricultural crops and food products
- Vegetables and spices
- Citrus and non citrus fruits
- Dairy products and poultry
- NTFP and timber
- Traditional occupation based crafts etc.

4.1.2 Initiatives in the Development of Micro and Small Enterprises

There are various initiatives for the development of MSEs in Nepal. Most of these programs are part of a broader poverty alleviation driving force of the government. They focus on organizational support for market, training, credit and technology services available to women, low-income families, and disadvantaged communities in targeted areas. As a means of creating employment and improving the economic status of low-income people, the government aims at development the MSEs as a complementary feeder to the medium and large enterprises. Most of the initiatives are pilot initiatives operating at the grassroots level. A number of initiatives have established multi-linkages for MSE development and integrated

with other core sectors such as forestry, natural resources, agriculture, community development etc. Some examples of this approach are:

- Environment and Forestry Enterprises, implemented by New Era/USAID in eight districts
- Churia Forestry Development, assisted by GTZ in three districts
- Community Forestry Development, assisted by DANIDA in three districts
- Forestry Program for Livelihood, assisted by DFID in seven districts
- Sindhuli-Kavre Forestry Development, assisted by AUSAID in two districts
- Natural Resources Management Sector, assisted by DANIDA in 17 districts
- Small Farmers Development Program, a national program launched by the Agriculture Development Bank of Nepal
- Poverty Alleviation Fund, created by the Government of Nepal and focusing on the alleviation of poverty
- Integrated rural development programs in Gorkha, Dhading, Kavre, Gulmi- Arghakhachi and Dang districts assisted and launched by various INGOs.

Numbers of MSE promotion organizations are involved in multiple functional areas such as training in enterprise development, business management, skill training, credit facility, marketing linkages including trade fairs, exhibition, exposure visits, technology transfer, technical and business information dissemination, environment, quality control and counseling (ILO MSE Survey, 2003, p. 6).

4.1.3 Contribution of Small and Micro-Enterprise Sector in Nepal

Economic liberalization during the 1990s and afterwards have encouraged private sector growth. The importance of micro and small enterprises, including home-based work in contributing to job creation and output growth is now widely accepted in both developing and least developed countries like Nepal. In Nepal, there is a lack of logical micro and small enterprise development strategies, which take into account the three dimensions of enterprise evolution (start up, survival and growth). There should be identified the different needs of the enterprises in their various stages of evolution, which is another important contributory factor (see Table 4.1 page no. 32).

Table 4.1: Principal Indicators of Manufacturing Establishments by Type, 2001/2002

NSCI name	No of employee	Census input	Census output	Census value added
Fruit, vegetable	215	5,937	91,617	32,245
Dairy products	1,735	1,882,946	2,235,009	352,063
Textile	5,074	2,165,557	2,952,303	786,746
Footwear	1,362	354,386	516,062	161,676
Wood products	118	13,887	20,015	6,128

Source: Statistical Year Book (2003/2004, p. 3).

The Table 4.1 represents the contribution of micro-enterprises in Nepalese economy. According to the world fact book (2006), carpets, textiles, and leather footwear are exported goods. The major exporting countries of these products are India 67.9 %, USA 11.7 %, and Germany 4.7 % respectively. Although there is no specific data of micro-enterprises but according the type of micro-enterprises, above-mentioned table is prepared from various related sources.

As per the sales in urban and rural areas, micro-enterprises have on average found to have annual sales of NRS 0.25 million approximately, compared to NRS 2.1 million for small enterprises. Urban micro-enterprises are almost three times larger than rural micro-enterprises with comparative sales of NRS 0.46 million and NRS 0.15 million annual sales respectively. The annual turnover of small enterprises is about the same in the rural and urban sectors. The trade sector generates the highest annual sales for MSEs, followed by the manufacturing and service sectors (ILO MSEs Survey 2003, p. 14).

The industrial statistics of Nepal does not show the exact figure of the cottage industries and enterprises because it has classified the industries on the bases of scale. The industrial statistics records give the entire products exported. Cottage industries and the local production of traditional handicrafts engage the underemployed rural population and contribute towards export earnings. Pottery, handmade paper and products, woodwork, metalwork, weaving, sewing, basket making and draw on artistic traditions date back centuries include such industries in Nepal.

According to the Handicraft Association Nepal (HAN) various handicraft products equivalent to NRS 2,716,384,047 were exported during FY 2006/07, it indicates the decrease of 4 % compared to the export of FY 2005/06. During the period, export of Pashmina, woolen products, metal craft, handmade paper products, silk products, wood craft, Hemp/Allo products, beads items, Dhaka products and stone craft have gone down and export of all other products have shown positive growth compared to the last year (Annex III). India, United States, and Germany are the main exporting countries for such products.

4.2 Micro Enterprise Development Program

From the description of micro-enterprises in above chapters, many of such enterprises are unidentified but main source of employment and income for rural people. Here in the study the focus is on development and promotion micro-enterprise for income generation.

According to Marge (2007), just as the Nobel Peace Prize winner for 2006 Dr. Muhammed Yunus said that the Grameen Bank movement is there to stay to ensure the rights of the poor, the program believes that micro-enterprises are a catalyst to take poor people out of the poverty cycle.

The Micro-Enterprise Development Program (MEDEP) is a project implemented by Government of Nepal, Ministry of Industry, Commerce and Supplies, with technical and financial support of the United Nations Development Program (UNDP). The program was initiated in July 1998. The goal of the program is to develop a common approach to performance measurement for micro-enterprise development and services programs targeted towards people living on the edge of poverty. The program is today in its tenth year of implementation. This program has been implemented under phases covering twenty districts across Nepal. The UNDP's role in the program is to help the government in its endeavor to create income and employment generating opportunities through micro-enterprise development to reduce poverty.

The program's objectives are to address the issues of poverty and employment in the rural areas with a particular focus upon improvement in the sustainable livelihoods of the low-income groups. MEDEP's approach, alternatively, is to develop entrepreneurs followed by market study, skill development, micro-credit, providing access to appropriate technology and business counseling. MEDEP has made the goals to reduce poverty in rural areas through the development of micro entrepreneurs with 70 % women participation. Development of micro-enterprise services mechanism that will enable low-income families to achieve sustainable livelihoods based on local demand. The program target beneficiaries of MEDEP are the low-income families living rural areas (www.undp.org.np).

4.3 Integrated Programs of MEDEP

As pointed out by MEDEP, it is a pro poor model program. The program has focused on integrated programs that form a comprehensive package to ensure poor people's mostly women, Dalits, indigenous communities for the participation in enterprise development and their sustainability on the long run.

4.3.1 Entrepreneurship Development

Entrepreneurship development is one of the key components of the program. It develops confidence and increases risk-bearing capacity of the potential entrepreneurs. Engaging in

enterprise may not be of interest to all poor people however, for people who have been challenging due to lack of education and productive skills, imparting basic entrepreneurial and management skills could generate an overwhelming interest towards micro-enterprises. Access to micro-credit, markets, and resources may not guarantee the success of an enterprise in the absence of entrepreneurship and basic management skills.

The indoctrination of the ILO promoted Start and Improve Your Own Business (SIYB) and Micro Enterprise Creation training for the poor have proved to be catalysts in the expansion of micro-enterprises in rural Nepal. To ensure poor people with an interest in enterprise development the program and its activities the sensitization, awareness building and networking, identification and selection of potential entrepreneurs, and micro-enterprise creation and development training activities are carried out in both phases.

4.3.2 Gender Mainstreaming in MEDEP

Gender is defined as a socio-economic variable to analyze roles, responsibilities, constraints and opportunities for both men and women involved in development and ways in which these interrelate. In Nepalese context, mainstreaming gender in the program focuses on relations between men and women and aims to transform unequal relations between them through empowering women. The program has given special attention to address the needs of women and developed its own strategy, techniques and tools to assist the program.

Consequently, MEDEP has developed its own strategies, techniques and tools in order to mainstream gender equity in the program activities. The program strategies and activities leading to women empowerment have its foundations on a balance between economic growth and social transformation. MEDEP has been creating an enabling environment in which women can equally share economic and social benefits. In addition, mainstreaming gender is an objective of training in MEDEP.

4.3.3 HRD and Capacity Building

The development of human resource in the program is focused on human capacity building and institutional capacity building. Human resource development is a strategic approach to invest in human capital. The program provides a number of training, conducts workshops and exposure visits to develop the competency of entrepreneurs. In addition, MEDEP also orients its beneficiaries towards developing their social aspects such as education, improvement of health condition and empowering women towards decision making through community mobilization. It promotes understanding of Training and Development and its contribution to the performance of individuals and organizations.

Capacity building of micro entrepreneurs has been addressed mainly through Micro-Enterprise Creation and Development (MECD) training package. It includes two components: Micro-enterprise creation training aims at developing entrepreneurial competence and

confidence on potential entrepreneurs to help them start new ventures, whereas micro-enterprise assistance program is for existing entrepreneurs to support them to run successfully their enterprises. This package also includes community mobilization and sensitization on micro-enterprise development, gender sensitization, micro-enterprise creation, micro-enterprise, saving and credit mobilization, business management and market planning. For existing micro-entrepreneurs, such assistance includes marketing, account keeping, production management and growth program are essential for them to grow their business.

4.3.4 Appropriate Technology and Quality Assurance/Technology Transfer

Small technological innovations are often the key to providing the efficiency and quality control that make small-scale production possible and profitable. It is low cost, flexible, easily accessible, convenient and less complicated. Quality of the product or services is the major key to the success and growth of an enterprise. The objectives of quality control in micro-enterprises are:

- Guarantee of the product safety as a protection to consumer and to trademark or brand
- Product management in conformity with legal regulations and standards
- Reduction of faults by preventing errors
- Improvement of productive efficiency
- Identification and correction of any cause of deviation

Enterprises are using traditional technology. Here the need to use the traditional skill is to diversify into other products that have market demand rather than upgrading the existing technology like traditional ironwork enterprise, rope-making enterprise, traditional fast food based enterprises and so on. Available technology, which enterprises are using, needs to upgrade for efficiency and productivity for example bee keeping, dairy-based enterprises, food processing enterprises and handicraft based enterprises (Based on MEDEP website).

4.3.5 Micro-Credit

The objective of micro credit in MEDEP has been to support and promote men and women of low-income families to develop micro-enterprises through entrepreneurship development to create employment and income generating opportunities to reduce poverty by generating income. Micro-credit activity in MEDEP refers to a process of facilitating micro entrepreneurs to have easy access of small-scale loans in different cycles to micro entrepreneurs to fulfill credit capital needs of their enterprises. Micro-credit is the component of MEDEP mainly implemented in close collaboration with Agriculture Development Bank Nepal (ADB/N) where as other institutions such as Local Development Fund/DDC, commercial banks, cooperatives also associates at district level as per the specific micro-credit need and situation of districts.

Therefore, micro-credit component of MEDEP broadly includes saving generation and mobilization part as well. The loans, though modest, are within the capacities of the groups to repay as they obtain income from their activities. The groups are small enough (five to eleven members) and the members are put into a context in which they put social pressure on defaulters. Entrepreneurs optimally use micro-finances, while paying loans to entrepreneurs the program ensures that certain basic principles to follow like utilization and repayment of micro-credit by micro-entrepreneurs, repayment of micro-credit, monitoring visit by IPOs, graduation of micro entrepreneurs.

4.4 Empowerment Systems/Tools Implemented by MEDEP

Empowerment is the first step of participatory development program. The program covers three categories of target population unemployed and underemployed youth, including women; owners and workers of small, informal income generating enterprises; and existing micro entrepreneurs facing stunted growth. Generally, empowerment is the process of releasing and adopting the knowledge to achieve their goal in the working field. The following is the details of current and remarkable systems/tools for empowerment implemented by MEDEP.

4.4.1 Extensive Trainings, Workshops and Seminars

Trainings, workshops and seminars are common systems/tools to empower the people in Nepal. In the case of MEDEP, these tools are successful in creating an enabling environment to bring about the capacity building of women and poor people. Most of women participants are illiterate, realizing that, the program has made special consideration to reduce hard work of women by adopting the strategy of introducing women friendly appropriate technology. There is a longer process in screening out these programs. The system of adoption is mainly the bottom up approaches. The trainings are organized to provide new model, knowledge, experience sharing, which creates new ideas as well as skills to the local people.

4.4.2 Study Tour

Study tours are another equipment to empower the local people. According to needs and wants, district micro entrepreneurs' group association (DMEGA), national entrepreneurs' group association (NMEGA), and other related NGOs/INGOs manage the tours. In this program, the local people observe enterprises, interact with the entrepreneurs in the real fields and this motivates them to start their own business seeing the progress of entrepreneurs. MEDEP organizes the tours in enterprise installed and conducted places. This helps to broaden the knowledge, share the ideas and create a concept to do so after returning from the tour into their home.

4.4.3 Preparation of Demo-Plot

This is one of the new concepts to empower the people in NTFPs sectors. Therefore, demo-plot is an effective tool of empowerment. Demo-plot means demonstration plot. The directly involved local people and the forest technicians construct such demo-plot. In this system, local people or FUGs prepare a small plot at first, after observing the results of the plot; they implement it into the rest of the forest. It is very effective system in NTFPs sector.

4.4.4 Radio/TV Programs

Radio and TV are broadcasting the programs regarding forest as well as MEDEP. These are the cheapest and easiest systems of empowering people. Due to the lack of electricity and unaffordable of the TV, the radio programs are very popular and effective way of empowerment in Nepal's rural context. The contributions of government radio, private FM radio and TV channels are also creditable in this regards. Radio Nepal, the only national radio in the country is broadcasting Laghu Uddham Bikas Karyakaryam (MEDEP Program) and now various local FM radio stations have been broadcasting such programs. These programs include the voices of entrepreneurs; broadcast the success stories of entrepreneurs therefore, this has been one of the effective ways of empowering people.

4.4.5 Publications

The publications are also a tool/system of people empowerment in Nepal. NMEGA, DMEGA, HAN, Ministry of Industry Department of SMEs publish the reports, books and booklets, brochures in a weekly, monthly, half-yearly and yearly basis. In addition, the research reports, papers and the newspapers are also the examples of such publications. The program also publishes the success stories. Posters, pamphlets and wall paintings with the pictures, cartoons are popular for illiterate people because they can understand seeing the pictures and so on.

4.4.6 Exhibition

MEDEP, DMEGA, NMEGA and various local organizations arrange the exhibitions in various places time to time. Entrepreneurs and groups exhibit their products in such exhibitions. In exhibitions, entrepreneurs set prices of the goods with some discount so it is taken as a useful way of selling the products because observers buy the products in such occasions with some discount. There are other invisible systems to empower and motivate the people in Nepal, local songs, comics, films, documentary and street dramas are some examples of these systems/tools. These are quite effective systems/tools in the local level.

The tools like trainings, workshops, seminars and study tours are expensive. On the other hand, these systems cannot cover the whole population in the country at one go. However, to transfer the technical skills, study tours play impressive role. Publications are also not

impressive for illiterate. Radio broadcasting service, study tours, inter group tours are effective for the local people. MEDEP has given more priority to the radio broadcasting, exhibitions, extensive training and study tours.

4.5 MEDEP Products and Marketing

Based on the types of enterprises the products in various enterprises of MEDEP implemented districts have been shown as follows:

- Health and beauty care
- Fiber textile and clothing
- Footwear and leather products
- Bags and accessories
- Jewelleries
- Carpets and home wares
- Incense and Candles
- Paper and paper products
- Art
- Timber and NTFPs
- Metal and engineering products.

Marketing is the most crucial sub-system of any enterprise. Customer satisfaction is the key in the marketing of micro-enterprises. MEDEP entrepreneurs are facing mixed success, increased marketing challenges both for locally marketed products and for “export-oriented” products. The evidence of this is that even for the established phase-I entrepreneurs, the average annual income has decreased in the face of conflict-related and other marketing constraints. There are some products, which may be suitable to local market only. However, this recognition and implications have not adequately made aware of the entrepreneurs. Some products based on bamboo crafts may be suited to high-end markets only and irregular sales at local markets may not fully meet the requirements (MEDEP Report, 2006, p. 11).

NMEGA has opened Gift Houses in the local districts of the micro entrepreneurs and there are more than 25 operating today. However, business kept growing and so to connect the micro entrepreneurs with the capital Kathmandu market as well as export markets abroad, so the program has opened Gift House in Tripureshowar on 3 July 2007. It now stocks products from all over Nepal and supplies customers all over the world. Gift House is a central market outlet coordinated by the NMEGA, an organization that represents micro entrepreneurs in 20 districts of Nepal. MEDEP and the Ministry of Industry, Commerce and Supplies support NMEGA. The Gift House concept was born as a response to access markets outside the villages (www.medep.org.np).

4.6 Achievement of the Program

MEDEP reaches the deprived segments of the population with a development program rather than just short-term relief or welfare and provides people with a capacity. As identified by MEDEP Report (2006) in some important achievements during April 2006 are as follows:

- 10,000 trained appropriate technical skill
- 38 different types appropriate technology transferred
- 14,000 has started enterprises up to 2006
- 2,600 micro-enterprise groups (MEGs) formed with 14,000 members
- 3,300 micro-entrepreneurs secured loans
- MEDEP worked with partners to test several “new” technologies:
 - Solar dryer for ginger, vegetables, and fruits
 - Beehive, Briquette production, to both urban and rural customers
 - Improved water mills (Ghatta)
- 8,850 families or 52,830 persons (6 members per family) moved up from the national absolute poverty line
- About 4,377 hardcore poor families or 37,138 persons (6.2 members per family) moved up from the hardcore poverty line (UNDP, 2007).

4.7 Challenges and Barriers for the Program

The program has provided enterprise creation training to the rural people. It has helped to develop numbers of enterprises in local level. It started from ten districts and now has extended in 20 districts across the country. In spite of some barriers and challenges, the program has been continuing. MEDEP challenges to the core elements of its implementation strategy, challenges that delayed the program’s effective start-up, hampered the delivery of program services and raised additional barriers facing new micro entrepreneurs. Some of the major challenges and barriers are described under this chapter.

4.7.1 District Level Changes and Delays

MEDEP, like other UNDP projects utilize the elected district development committees (DDC) as an effective and locally responsive body to serve as the district home for the program. The DDCs and their Local Development Funds (LDF) recruit to MEDEP local staffs. With the political events of many years, the status and the legality of the DDCs became uncertain. The responsibilities alternated from elected DDC chairpersons to the Local Development Officers of the Ministry of Local Development to a nominated DDC body, in an uncertain and revolving situation. Additionally, with the intensification of the conflict, MEDEP's association with the DDCs became locally difficulty as well as a source of vulnerability. From a practical perspective, these uncertainties slowed the recruitment of MEDEP staff delayed (MEDEP Report, 2006, p. 6).

4.7.2 Loss of MEDEP MFI Partner

MEDEP had an established micro-finance partner with the ADBN, which, with financial support from UNDP, opened a special window to service MEDEP micro entrepreneurs. The program assumed this successful arrangement would continue during phase-II. Unexpectedly, the ADBN made an overall policy decision to pull out of the micro-finance sector. MEDEP responded by identifying, district-by-district, a variety of alternate sources of micro-finance, institutions that had grown up in recent years within the new legal framework for micro-finance. As a result, MEDEP entrepreneurs have access to diversified sources of micro-finance. However, identification of new local MFIs and the variety of loan packages, interest rates and application procedures, has slowed the process of implementing MEDEP's micro-finance component (MEDEP Report, 2006, p. 6).

4.7.3 Conflict Related Disruption and Danger

Not only MEDEP most of the development programs were directly or indirectly affected by the armed conflict. The MEDEP activities were affected more because the MEDEP activities regions are in the rural part of the country.

According to MEDEP Report (2006, p. 7) Maoist insurgency repeatedly interrupted these critical linkages and furthermore undermined the entrepreneurial optimism that key to enterprise expansion. Women were especially constrained in terms of travel and free movement. This insurgency created travel and transportation problems negatively affect many of the MEDEP assisted micro-enterprises, especially in terms of access to raw materials. On the other hand, a number of MEDEP entrepreneurs have turned the problems to their advantage. Due to the conflict main problem was the marketing of the finished goods, collecting the raw materials, field officials to go to the skill training programs and any field visits.

4.7.4 Marginalization of the MSEs

MSEs have no priority far less attention than medium sized or large enterprises. While small enterprises can sometimes be put up within a broader Small and Medium-sized Enterprise (SME) category, micro-enterprises are often dismissed as insignificant or simply overlooked. In some cases, micro-enterprises seem as synonymous with survivalist enterprises or enterprises in the informal economy. Livelihood or income generating projects can consider MSEs that are more closely associated with the welfare and social sectors than the economic sector. Governments often see the MSEs as an unruly and difficult sector, hawkers on the footpaths, tricycles and karts on the street, food-sellers moving from house to house, and so on. These are all negative, but pervasive images of MSEs that serve to undermine any arguments for the productivity and employment potential of the MSEs. It is important to quantify the broader contribution that MSEs made to national social and economic development goals in order to redress these negative and damaging images. They can give

greater attention only by better understanding the role the MSEs perform in national development. Only then can be addressed their marginalized status, so that MSEs are brought into the mainstream of the national economy (ILO MSE Survey, 2003, p 51).

4.7.5 Lack of a Clear Definition

The lack of a clear definition of the MSEs, consistently applied by all government agencies, is a common problem in national policy frameworks. In some cases, there are no definitions, particularly for micro-enterprises. It is common to find a situation where there are definitions for small, medium and large enterprises, but nothing for micro-enterprises. It is also common to see definitions for industrial or manufacturing enterprises, but nothing for those in the service or trade sectors. The most common problem arises where there are competing definitions of enterprises used by different agencies. It is important to recognize the different criteria that governments can use to define MSEs. Enterprise definitions vary from one country to the next because there are variations in the social, economic and cultural context. The most common criteria used when defining the MSEs are number of people employed; value of annual turnover; value of capital invested; and quantity of power required by plant and equipment. There are often distinctions made in the application of certain criteria in industrial and other enterprises (ILO MSE Survey, 2003, p. 52).

4.7.6 Gender Bias

Women are the victims of gender bias more than men are and this can have a major impact upon the MSEs. In many countries, the women owned enterprises are more highly represented in the micro-enterprise sector, while in the small enterprise sector male ownership is more important. Women are less able to grow their business so they often catch in the micro-enterprises. Some of the most common areas for reform of national policy frameworks include the introduction of legislation that ensures treating women as independent actors with equal rights with regard to the control of property and incomes.

While focusing on the biases that are found against women in the policy framework, a broader view should be taken to ensure that the entire range of social and power relations between women and men are understood. Policy frameworks can easily reflect the way in which society structures along gender lines, and it is difficult to assess properly these without an engendered approach. According to ILO MSEs survey (2003), in the United States, the Women's Business Ownership Act (1988) created a national women's business enterprise policy and set out arrangements for developing, coordinating and implementing a national program for women's business enterprise. Special incentives were formulated to decrease the problems experienced by women in obtaining start-up funding in the form of guaranteed loans and Women's Business Centers were established to assist successful and aspiring women entrepreneurs to expand and develop their businesses (www.ilo.org).

4.7.7 Poor Job Quality in the MSEs

Small enterprises have long been associated with lesser pay and conditions. Especially when compared to larger enterprises that may benefit from both the advantages of scale and superior resources. Moreover, in recent years, the growth in employment in small enterprises has been associated with a parallel growth in non-standard forms of informal and flexible employment relationships, which have the potential to reduce access to a range of economic and social entitlements, as well as increase insecurity. Small enterprises are less likely to be included within formal industrial relations and social protection schemes and are often exempted from legal requirements to regulate employment and working conditions. The job quality refers to the absence of child labor and the provision of the following (White 1999, pp. 12-13):

- Payment levels
- Job security
- Social protection
- Safety and health concerns
- Human resource development
- Management and organization
- Freely chosen employment are the concerning areas such as the existence and character connection with labor and unfair apprenticeship arrangements.

From the related literature, website, reports and various sources the above description has exposed the situation of micro-enterprises. The description also shows the role of micro-enterprises in economic development of the country. This chapter elucidates the MEDEP in detail. Through the descriptive and explanatory method, the answer of the question set in the beginning, the situation of micro-enterprises in Nepal has been made clear.

Micro-enterprises have provided as a means of income generation in rural part of the country. They operate at the local level to meet the local requirement. Very few have extended their market to the district or national level. A large number of such enterprises are neither recognized nor recorded, so they do not link to proper marketing systems and/or opportunities. Both their market access and their ability to compete are limited. They do not have logistics, technology, or input supply. Beyond these, the major constraint is that there is no policy and legal framework designed for the development of micro-enterprise. Moreover, there is no commonly accepted definition for micro-enterprises in Nepal. With the objectives of enterprises creation in the rural areas for the income generation, the MEDEP is poor model program.

MEDEP has integrated program to focus on women and micro-credit provision for sustaining the enterprises, technology transfer that is very effective in the rural areas. The program has applied various tools and systems for its effectiveness. Although the program has some challenges and barriers it has been able to develop numbers of entrepreneurs and manage the

MSEs in rural community, the program has to improve job quality and market approach. As per the market of MEDEP product, it takes the local market and the export is commendable.

Chapter - V

RELATIONSHIP AMONG INCOME GENERATION, MEDEP, AND RURAL WOMEN

5.1 Income Generation (Poverty Reduction) Programs in Nepal

Before discussing the relationship among income generation, MEDEP and the rural women, it is essential to explain about poverty reduction by income generation in Nepal. Poverty in Nepal is a deeply entrenched and complex phenomenon. Approximately 31 % of Nepalese live below the poverty line of the international norm of USD 12 per person/per month. Despite some progress in poverty reduction in recent years and decline in the rate of urban poverty, the problem remains widespread and most indicators suggest that it is on the rise (IFAD, 2008).

About four-fifths of the working population live in rural areas and depend for their subsistence on farming. In these areas, household food security and poor nutrition are still major concerns. Most households have little or no access to primary health care, education, clean drinking water and sanitation services. Rural poor people are generally illiterate, have large families and are landless or have very small landholdings. Small, fragmented subsistence farming is a characteristic of Nepalese agriculture and the average landholding is only 0.8 hectares. The most vulnerable groups are the lowest social castes, indigenous peoples, and women (IFAD, 2008).

According to the World Bank report (2002), the number of rural poor is approximately 9.6 million. Rural poor in Nepal include poor people, such as sick or disabled persons, abandoned children, and displaced persons. Extremely poor people, including illiterate or landless persons or those with very few assets, moderately poor people, such as those who have small farms but are often heavily indebted, people who are ‘nearly poor’, including small farmers who are at risk of slipping deeper into poverty as a result of factors such as conflict, debt and land poverty.

As discussed in previous chapter, Nepal has implemented various programs for poverty reduction. Here are some other programs for the poverty reduction by income generation, implemented in government and non-governmental sector.

With a view to generate income for the rural women, the program ‘Production Credit for Rural Women (PCRW)’ was started in 1982 with the initiative of UNICEF. The main objective of the program is to provide credit for the women through the women development

section. The program has created awareness among the women with other remarkable achievements such as literacy enhancement, access to the credit, training packages, study tours, socialization, community and confidence building, experience-sharing programs. Micro-Credit Project for Women (MCPW) is under implementation with the loan assistance of Asian Development Bank. This is a first credit program with the government recognition of the NGOs for forming women groups, mobilizing savings and credit. The wholesalers as Rural Micro-finance Development Centre (RMDC) and Rural Self-reliance Fund (RSRF) are providing micro-credit funds. Likewise, numbers of INGOs/NGOs are providing services through group mobilization. Development Banks also serve as the means of income generation program. With the initiation of Development Bank Act 1995 (now under Bank and Financial Institutions Ordinance), dozens of new development banks (Utthan Development Bank, Development Bank etc.) are providing micro-finance services.

B.P. with the Poor is one of the popular and successful programs in Nepal. The government included a poverty alleviation program in the annual budget of 1999/2000 associated with the name of late B. P. Koirala who wished of making every citizen equal to his status socially and economically within fifteen years. Women Awareness (Income generating) Program (WAP) has also focused income generation for women. This program started in 1999 with the objective of empowering women. The main features were to connect into the groups, arrange a woman social mobilizer in each VDC.

Poverty Alleviation Fund (PAF) is the effective program created at central level recently. The core effort of PAF is to reverse the present trend by reaching to the poorest people with more resources and bring them into the mainstream of development. PAF has taken the strategy to support the idea that poor people should themselves be organized to prepare, implement, and manage their program and they should be in the driving seat, with decision-making authorities. Participatory community well-being ranking process identifies the poor community members as primary beneficiaries.

Since the 1970s, there has been a steady decline in poverty in Nepal and large improvements in the levels of human development. The proportion of Nepal's population living in poverty dropped from 42 % in 1995/96 to 31 % in 2003/04. In spite of these gains, poverty alleviation remains the priority concern of government of Nepal as over eight million of its citizens still live in poverty and the gap between the better-off and the poorest sections of society is widening. It also remains a key concern, as the sustainability of recent improvements is questionable with many of the gains being due to increasing remittance incomes rather than in-country improvements. Economic growth is sluggish and not enough for creating new jobs (UNDP, 2006).

Government of Nepal has systematically implemented five-year plans and implemented the poverty reduction strategy by generating opportunities of income for the poor.

5.2 Current Five-Year Plan and Income Generation

Five-year plans of Nepal generally tried to increase output and employment, develop the infrastructure, attain economic stability, promote industry, commerce, and international trade; establish administrative and public service institutions to support economic development; and introduce labor-intensive production techniques to alleviate unemployment. The social goals of the five-year plans were improving health and education as well as encouraging equitable distribution of income. Mostly the planning programs aim at poverty alleviation.

5.2.1 Historical Overview

Before explaining about the current five-year plan of Nepal, it will be better to know briefly about its history of planning. According to Nepal Planning Commission (2006), during the Rana regime (1846-1951), until 1930 for initiating economic development no serious attempts were made on a systematic basis. It was only in 1935 that a development agency constituted by the name of Udhog Parishad (Development Board), the primary function of which was stated to be one of helping in various ways for the growth and expansion of agricultural, industrial and commercial activities in the country. A host of specialized development agencies such as Krishi Parishad (Agricultural Board), Khani Adda (Bureau of Mines), Kathmal Report Adda (Department of Forests), and Nepali Kapada ra Gharelu Ilam Prachar Adda (Department of Cottage Industry) soon followed the Development Board. However, these agencies performed their functions in an occasional and disorganized manner and it proved to be too inadequate for bringing about any perceptible change in all-pervasive state of economic backwardness inherited from past decades of negligence. There was also an announcement known as to be a 20-year plan just before the outbreak of the Second World War. However, nothing was, heard of what was done about it in practice until a National Planning Committee was set up in 1949 for formulating a 15-year plan, which as the earlier one disappeared along with the dissolution of the National Planning Committee itself.

The economic conditions of the country persisted more or less in the same state of stagnation for a few years even after the political change in 1951, though the problems of economic planning and development had all along been a popular subject of discussion both within and outside the government. The unstable governments, which followed the political change in 1951, had gone out of existence one after another in close succession before they could formulate any long-term plans in their proper perspective. The economic plan in Nepal has taken some formative shape only towards the end of 1955 when a Royal Proclamation announced the draft outline of the five-year plan. It took about a year when, at last, the final draft of the five-year plan was announced on 21 September 1956. The five-year plan came to its premature end in July 1961. The year following the termination of the plan was treated as an interim period when many changes were made in the development projects carried over from the plan. After the lapse of a year, government put into operation second plan called the three-year plan from the fiscal year of 1962-1963. A high level National Planning Council

constituted in February 1961 under the leadership of His Majesty the King himself formulated the three-year plan.

A planning approach to development in Nepal began in 1956 with the formulation of the first plan (1956-1961). Nine periodic plans have already implemented and the tenth plan (2002/03-2008) has been just completed but the results have not, yet, been, published. The first four plans emphasized the development of infrastructure, especially roads and electricity. However, achievement of the plan targets was poor. Under the fifth and sixth plans, emphasis shifted towards agriculture and industry sectors. Poverty reduction has been explicitly stated as a development objective since the sixth plan (1980-1985). Poverty alleviation was one of the major objectives of the eighth plan (1992-1997), the first national plan formulated after restoration of multi-party democracy in the year 1991. The ninth plan (1997-2002) adopted poverty alleviation as its sole objective (www.npc.gov.np).

5.2.2 The Tenth Five-Year Plan, IG Strategy and Women

In the process of planned development, the tenth plan was implemented from the fiscal year 2002/3. The approach paper has been prepared as a guideline for formulating the tenth plan. As the tenth plan constitutes the first plan of the 21st century, and the third millennium, it has become necessary to define clearly the concept of well-cultured, competitive, prosperous, and equitable Nepal while reflecting the aspirations of Nepalese people in the Plan.

The main objective of the tenth plan is to alleviate poverty by mobilizing optimally the means and resources on the mutual participation of government, local agencies, non-governmental sectors, private sector, and civil society to extend economic opportunities and open new ones. Enlarging employment opportunities and widening the access to means of economic independence for women, Dalits, peoples of remote areas and backward groups through programs like empowerment, human development, security and targeted projects and thus improving the status of overall economic, human, and social indicator were the main objectives of this plan. For this purpose, following policies and policy actions were adopted to address rural and urban unemployment:

- Take short-term measures to increase women participation at all levels of political, administrative, technical service, as well as in constitutional bodies and committees including group operation and management, etc.
- Take steps for development of networking for conducting trainings with a view to develop leadership quality, skill enhancement, and capacity building for women empowerment.
- To promote and expand the garment, woolen carpet, Pashmina and handicrafts industries at the regional level under the regionalization concept of these industries.
- To mobilize Local bodies and Private Sectors for developing suitable human resources, concession loan, and technical service necessary for the promotion of micro, cottage, and small-scale industries.

- Micro and small-scale industries will be encouraged to work as subcontracting to big industries.
- Various promotional programs will be launched in rural areas to develop entrepreneurship and skills to promote investment in industries based on local resources.
- Develop the micro, cottage, and small-scale employment-oriented industries and expand 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.
- To reduce rural unemployment, other programs relating to integrated utilization of natural resources in addition to agriculture sector development will be emphasized.
- Direct contribution to poverty alleviation will be made by giving special emphasis on women education, health and employment, population control, productivity enhancement and economic social transformation through women empowerment.

Most of the five-year plans of Nepal have not achieved their goals properly even though all the plans had indicated their golden objectives in their paper. Similarly, the tenth five-year plan has also clearly identified and aimed to reducing poverty by providing the employment in rural people in a whole sense. The plan has already crossed its period, but it has not achieved its goals satisfactorily. Because of the political conflict during the plan period, this plan could not be achieve its defined objectives in time. Now the political situation in the country is improving which may help in achieving the plan objectives in future.

5.3 Women and Micro-Enterprise Development Program

In this chapter, the focus is on the income generation, government programs for the poverty reduction, women, and the MEDEP program. The government implemented tenth five-year plan has also focused to women, poor and in the rural community. Now it has been decided to club the programs relating to women and MEDEP so the relationship between income generation, MEDEP, and women will be clearer.

According to MEDEP Annual Report (2000, pp. 22-23) MEDEP has aimed to explain and define roles for men and women as appropriate for them for the development and promotion of micro-enterprises for poverty reduction by generating income of the people living under the line of poverty. Analyzing the communities, women's position in society in the social and economic arena were found to be subordinate and their contribution undervalued and not given due recognition. They have less access and control over resources and benefits and are largely excluded from the decision making process at home and in society. With increasing labor force participation among women in the informal sector of economic activity, the program has encouraged and continued to involve a large number of women in micro-enterprises for survival and growth.

In this context, the program has initiated all its activities based on both needs of low-income families to improve their sources of income and demands of products in market. Participation of women in enterprise development has not been a one-step process rather it has encompassed provision of sensitization, motivation, skill formation, credit access, market linkage. The program has given special attention to address the needs of women and developed its own strategy, techniques, and tools to assist the program in achieving its target 70% women participation. Initiatives and the activities undertaken by the program in addressing the needs of women are:

- Focus on capacity building of the rural poor specially women to help break the poverty trap and boost their confidence in decision making, taking leadership roles to claim and have access and control on their earning.
- Focus on gender analysis that explicitly identifies differences between women and men in their access to control over income, participation in decision-making and benefits impact on their household.
- Gender awareness and gender sensitive training programs assists program staff to identify and address gender issues.
- Gender awareness programs for target participants and stakeholders undertake to bring in a synergistic effect in the community for gender equity development.

MEDEP strategies and activities leading to women empowerment have its foundations on a balance between economic growth and social transformation. MEDEP has created an enabling environment in which women can equally share economic and social benefits so the initiatives to create a favorable environment for women to participate in enterprise development are:

- **Micro credit, loan provision:** This provision has helped women in their access to credit as the group acts as their collateral or guarantor for the loan. This provision has not only benefited women but has also helped hardcore poor families who have no land or access to put as collateral.
- **Study on women's need:** This study identifies the factors affecting promotion of women owned enterprises. It suggests how to increase participation of women in micro enterprise development as well as their share of benefits.
- **Special consideration for women in staff recruitment:** The program is able to address the vision of its program document to have equal participation of women and men in its entire requirement. Despite prevailing Nepalese social and cultural disparities between men and women and the lack of education opportunities for women, the program was successful in recruiting 30% women staff at the grassroots level.
- **Development of appropriate training package:** Realizing the literacy level of the community people specially women, the program has taken initiatives to prepare a manual the program will develop a series of step by step manuals in Nepalese language to meet needs of low literate beneficiaries. The program prepares all the

training program and training package from a gender perspective and the training modules and training contents on gender equity.

- **Drudgery reduction strategy:** The program has its special consideration to reduce drudgery of women by adopting the strategy of introducing women friendly appropriate technologies.
- **Training:** Sensitization on gender equity does not target for women but also for the male counterparts. In Nepalese context unless and until stimulate the influential male members of a household it is very hard to bring a woman of that family in productive activities outside the household. In another words, there is a prominent role of the male member in making the activities more sustainable.

The program has special provisions for women and in the government sector; the poverty reduction program has made its target to the rural poor. The following Figure proves the relationship among the IGA, MEDEP, and rural women.

Figure 5.1: Relationship among Income Generation, MEDEP, and Rural Women

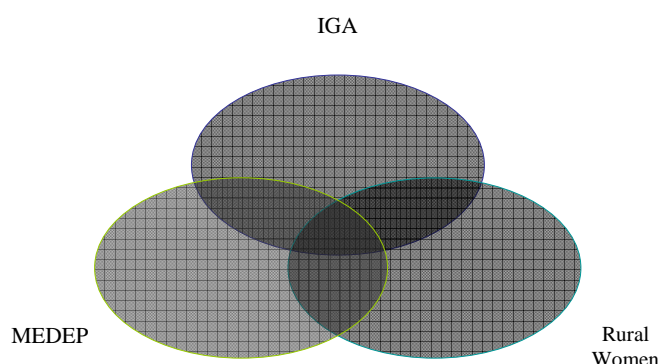


Figure above itself clarifies that the government-implemented programs are focused on the rural women, MEDEP also focuses the rural women, and women are motivated and involved in the program. The government has made its policy to manage the micro and small enterprises and empower women so it is clear that without empowering women and without their direct participation in income generation activities, it cannot achieved the goals.

5.4 MEDEP as a Tool for Income Generation

In above chapters the situation of women in Nepal and the MEDP has been discussed. Now in this chapter how the MEDEP has helped to generate the income level of the rural poor, how women are beneficiated by the program and it has become a tool for income generation (poverty reduction) has been described in detail.

The effectiveness of the program can be judged from its achievements. It has been the fittest tool for the income generation. The average per capita income of the entrepreneurs before the

implementation of this program was NRS 4,495 (USD 70) which has increased to NRS 18,240 (USD 285) after MEDEP intervention, which is 310 % increase in the income. Before the implementation of this program, the average annual income of the participating entrepreneur's family used to be NRS 26,664 (USD 416) which has increased to NRS 40,460 (USD 632) by the end of September 2007, which is 52 % increase in annual income. The analyses of income of participating entrepreneurs show that about 8,850 families or 52,830 persons (family size 6 members per family) have been able to move up from the national absolute poverty line level and about 4,377 hardcore poor families or 37,138 persons (family size 6.2 members per family) have moved up from the hardcore poverty line (www.undp.org).

Baidya (2006), writes an abstracts “Micro-enterprise: a fitting tool for rural poverty alleviation” that micro-enterprise is a fitting tool for less developed countries like Nepal, the government is yet to officially internalize the micro-enterprise model for rural poverty alleviation. Micro-enterprise is a pro-poor model as it not only empowers poor people for skill development but also assists in running rural based enterprises. The project selected people earning less than 4,000 rupees per year united in groups and given training for enterprise development in specific areas through a comprehensive survey. MEDEP also coordinates for market expansion goods produced by such entrepreneurs.

During phase-II of program, it refined the beneficiaries targeting a significant percentage of its beneficiaries as “ultra poor,” and socially excluded groups to include socially excluded. Of the 19,259 people affiliated with the MEDEP project until December 2005, 12,129 were women from poor economic background. According to MEDEP, the entrepreneurs have borrowed 41.4 million rupees until December 2005. In phase-I, 1,153 male and 1,097 female borrowed money to setup their enterprises, while 380 male and 732 females borrowed in phase-II, showing that MEDEP has been able to reach rural poor women. According to a recent study, people have increased their income by 200 % involving in the program (www.nepalnews.com.np).

The program has become an effective tool for income generation. Here are some particulars how MEDEP has become a tool for income generation.

5.4.1 Source of Skill Development

Many government institutions and NGOs have been providing services necessary for micro-entrepreneurs and their enterprises such as skills, micro-credit and business development. However, the services provided by state institutions either are in isolation or in independent of other services needed by micro-enterprises. For example, MFIs providing micro-credit to an entrepreneur does not ensure the success of an enterprise or the skills provided by a government department does not ensure that the skills gained will turn an individual into an entrepreneur.

Skill development program conducted by MEDEP helps people to attain knowledge required for entrepreneurship and income generation (see Box 5.1 page no. 51).

Box 5.1: Case Study (Reborn at Age 57)

An old woman from Lamahi Dang has been making candle since last four months. She, with her two friends, makes one quintal of candles every six days. They sell the candles in the local market and the nearby villages. The “profit” is 20 % over the costs of materials and production. She had been hoping for such an opportunity for a long time. She says she is a member of the "community forestry group" where she has a saving and credit scheme and raises goats from that credit. She is also a member of a "mothers group.” She was involved in both these groups aiming to improve her economic condition but neither the goat raising nor the savings scheme provided what she was hoping. After attending the MEDEP SIYB and candle making training, she has tremendously changed her income within four months. She says she is finally economically independent from her alcoholic husband who is a forest guard. Her husband come five six times in a day to their candle-making place to ask her to go home earlier, but she does not care.

Now she is economically independent at the age of 57. She says at the age of 57: "I have been given a rebirth by the help of MEDEP. Thanks to MEDEP, this has given me such a wonderful knowledge and skill. MEDEP is a like a god for me” she says, with her wet eyes and crumbling voice.

Source: MEDEP Report, (2006, p. 19).

Here, this success story of a women entrepreneur shows after getting the training of skill development provided by MEDEP at her very old age, she started her own business of making candle this has given her strength and changed the course of life by the income.

5.4.2 Employment and MSEs

The program has provided the employment opportunities to job seekers after getting the skill training. MSEs perform an important role in the creation of new employment opportunities in Nepal. The following employment features are revealed from an assessment of existing data and the MSE survey conducted by the project. As described above two third of people get employment opportunities in MSES. Nepal Labor Force Survey, (1998/99) has shown that the employment in MSEs is 1.6 million. However, women are more likely to employ in micro enterprises than men, while men are more likely to employ in small enterprises than women.

According to the ILO MSE Survey (2003), there was an average of three workers per MSE. However, when examining small enterprises alone, this number grew to 17.9 workers per enterprise. The manufacturing sector employed the most, followed by trade and services sectors. In the micro sector, the ratio of self-employed was high at 75.4 % compared to 17.5 % in small enterprises. Micro-enterprises have therefore generated employment opportunities for those trying to seek self-employment while the small enterprise sector generates a sizeable volume of wage employment. Female-owned enterprises were behind male-owned enterprises in the micro enterprise sector in this regard, while in the small sector, female-owned

enterprises were ahead of male-owned enterprises. Thus, the MSEs provided an important contribution to poverty alleviation.

5.4.3 Source of Cash Income

After taking various trainings, people either start their own business or are employed in enterprises. The skill, which they have achieved, has led people to income. The program has become the main source of income for the poor rural people. There are many examples and success stories which indicate many poor people in the rural areas are able to make income by starting the own business.

For example, the success story published in MEDEP's website about Durga K. C., who comes from a very disadvantaged family, was striving hard to make two end meals for her family members of five. To support her two daughters' educational fees was another economic responsibility in her shoulder. Beside household chores, she was desperately looking for some opportunities so that she can earn some additional income to support her family requirements. Her dream comes closer to be true when MEDEP introduced to her VDC (Maranthana) and identified her as one of the participants in the entrepreneurship development training organized in her village. She had also undertaken herbal soap making and gender sensitization training organized by MEDEP. After training, she started making herbal soap and selling the soap locally. This new enterprise gave her income of about NRS 4,000 to 6,000 a month and at the same time, it gave her a strong motivation and encouragement to be a successful entrepreneur. Now she has decided to continue soap making enterprise as her main source of income to support her family's requirements. At present, Durga K. C. produces and sells five thousand soaps a month and makes a profit of NRS 10,000.

Besides Durga K. C., thousands of other poor and disadvantaged women and men in the rural communities have become entrepreneurs of various products and services with the support of MEDEP. It is evident that the entrepreneurship development efforts made by utilizing local capacity and resources can contribute poverty reduction of ultra poor and poor families considerably.

5.5 Importance of People Participation and Sustainability of Program

The Nepalese experience shows that people's participation is one of the greatest powers to manage the natural resources in a sustainable manner and in the management of small, medium and micro-enterprises. A compelling reason for supporting community resource management is its importance for the poor. Rights to common property resources are all that separates the landless and rural poor from hardship. Participation of local communities in development projects and policies improve their intent. Participation also further improvement in socio-economic conditions creates a sense of resource ownership and strengthens the capacity of individuals and communities to mobilize and help themselves, thus minimizing dependence on the state. The large-scale participation of rural people in

cooperative activities provides an important potential for income generation and equity in rural areas. The entrepreneurial skills of rural cooperatives' members needs to be developed in order to transform their cooperatives into successful market oriented small scale rural enterprise involved in production, processing and other value-added activities with reliable chain of demand and supply mechanism. Cooperatives in Nepal represent diverse section of the society.

Social exclusion, traditional custom and social values are as the main causes for least participation and limited access in resources to women that is creating poverty and backwardness in the society. To this end, the empowerment of women and development of entrepreneurial and skill with organizational strengthening process, large and inclusive participation of women in the exploration of potentials for the expansion of cooperative marketing network with proper infrastructure facilities are urgently needed.

Moreover, to be effective, participation must be direct, not through representation, and must give absolute power to local communities to make their own decisions and vital control over their implementation. It must allow people to define their felt needs, identify possible solutions, set goals, and mobilize local resources to achieve their goals. Therefore, the participation of the people is a milestone to the institutional development of micro-enterprises.

In this chapter, the focus is on the relationship between income generation, women, and the MEDEP. The government has focused its program to the rural women. The five-year plan has made its target to create the opportunity for the rural poor and mostly to the women. The program has made special strategy to manage the small enterprises and empower to women to create opportunity for the income. The program has taken aim to reduce the poverty. The five-year plan is the systematic plan implemented by government and various other government and non-government organizations have focused their programs to reduce the poverty level. MEDEP has become a fitting tool for income generation because numbers of entrepreneurs have been developed and the family income has increased according to the UNDP report. Again, the program has become the source of skill development, source of employment, source of cash income. Income generation program is focusing to the rural women; MEDEP has provided the opportunity to them so the relation itself seems because of the opportunities. The program has the special provision for the women. Therefore, not only for the participants but also for the increase level of participation helps to the program in its sustainability.

Chapter - VI

DATA ANALYSIS AND PRESENTATION

Under this chapter, various data/information collected from the secondary source, published in the website of UNDP, MEDEP and annual reports, MEDEP officials contacted via email, previous research studies, and journals have been critically presented. People participation in phase-I and II, enterprise creation, entrepreneurs by caste and ethnicity, enhancing self-employment through micro-enterprise, utilization of micro-finance, change in per capita family income and increase in per capita family income by ethnicity have been analyzed in the study. This chapter contains the results of the study of role of MEDEP in income generation, gender equality, and social inclusion, the impact brought by the program, and impact on women position through the income generation process.

6.1 Introduction of the Program

Nepal's economy mainly comprises of agriculture (38 % of GDP) and provides livelihoods to approximately 70 % of the population. Employment in the agriculture sector is seasonal and unemployment rate is above 40 %. Nepal's rural economy has excessively been dependent on agriculture. This has increased the poverty particularly in rural areas.

To meet the economic necessities of rural masses and in particular to provide to the needs of those living below the poverty line, the government of Nepal and the UNDP entered into technical collaboration to promote off farm employment and income generating opportunities. The partnership between the government of Nepal and the UNDP saw the setting up of Micro-Enterprise Development Program in July 1998 in 10 districts of Nepal covering two districts each from the five development regions. Initially designed as a five-year program, interest in the program by funding agencies saw the extension of the program for another four years to cover an additional 10 districts until December 2007. Observing the positive impact UNDP has extended the program up to 31 December 2010 for phase- III.

6.1.1 Objectives of the Program

The aim of the program has been to help low income families become entrepreneurs, promote the development of their enterprises, and then create a strong partnership between consumers of micro-enterprise products and services and local service delivery institutions for micro entrepreneurs to create a new and dynamic business sector in rural areas. The goals of the program are two folds; one to reduce poverty among low-income families in rural areas and the other is to ensure the institutional development and capacity building of local service delivery organizations to work as catalyst in the development of rural micro-enterprise sector. The goals and objectives of the program are:

- Address issues of rural unemployment and lack of economic opportunities for the poor, help support the promotion of micro-enterprises on a sustainable footing.
- Build the capacity of state and private institutions that provides necessary services in the process of creating income and employment opportunities which needs for setting up micro-enterprises
- Advocate for policy change and formulation, this could support the development and strengthening of the micro-enterprise sector.

6.1.2 Target Group

People living below the poverty line and women are its target groups. The program identified its new beneficiaries to include the following:

- Hardcore poor families or ultra-poor (having annual income of less than 4,000)
- Poor scheduled caste (26 different scheduled castes in Nepal)
- Poor indigenous groups (59 different indigenous groups)
- Differently able (physically and mentally challenged)
- Deprived women (divorced women, women headed households).

6.2 Impact of the Program

The program's activities have a direct economic impact; firstly on the target beneficiaries and secondly on the local economies. The impact is directly related to economic and income generation. The chain effect of the economic impact of the program is such that economic aspect is overshadowed by the improvement in the living standards of the beneficiaries in terms of meeting basic social development indicators because of the impact on people's income.

6.2.1 People Participation in the Various Programs

As per derived data and information from the secondary sources, the involvement of people in various programs indicates towards the great achievement of the program. The following Table is prepared from the various research papers and reports. In phase-I in 10 districts, there was a household survey in which 19,370 male and 3,332 female were surveyed in MEDEP implemented districts. The involvement of rural women in various programs in phase-I has been highlighted in Table 6.1 page no. 56.

Table 6.1: People Participation in the Program (During Phase-I)

Particulars	Number of participants		
	Male	Female	Total
Micro-enterprises creation training	1,374	2,241	3,815
Micro-enterprise assistance	258	275	533
Start and improve your business	169	96	265
Skill Training	1,057	1,635	2,692
Enterprises creation	1,530	1,846	3,376
Entrepreneurs	1,549	1,912	3,461
Employment	2,004	2,279	4,283
Groups led by	331	458	789

Source: Based on MEDEP Report 2000 and 2001.

The above table shows that involvement of women in various programs is relatively more. In addition, it is clear that many of the groups are headed by women and employment is better than male. The reasons like social barriers, investment and so on therefore, the participation of women in SIYB seems less. For bringing up to this level, women were giving counseling and leadership orientations to develop leadership qualities in themselves.

6.2.2 Participation in the Program up to September 2007

As per the implementation, MEDEP has extended its programs in other 10 districts after the completion of phase-I. The participation of the people has increased up to the end of phase-II. The women participation in the program has increased more than in the past. Consulting to the district program coordinators, based on UNDP annual reports, MEDEP official records, the Table has been prepared.

Table 6.2: Participation in the Program up to September 2007 (During Phase-II)

Participants	Percentage (%)
Women	67
Dalits	19
Indigenous nationalities	41
Other castes	40
Hardcore poor	46

Source: Based on UNDP and MEDEP Annual Reports, 2007.

There are mainly five types of participants. It shows that participation of women is more compared to the other categories and has increased from phase-I. Women participation in the program includes the women from Dalit, indigenous, ethnic group other castes and hardcore poor which accounts 67 %. In the program, Dalits, indigenous nationalities other castes, and

hardcore poor are 19 %, 41 %, 40 % and 46 % respectively This indicates increasing trend in phase-I.

6.2.3 Entrepreneurs Creation

The information and data of program-implemented districts was collected through e-mail and phone by contacting the districts program coordinators. Because of the geographical distance, it was difficult to conduct field research. With the help of MEDEP, annual report and UNDP annual report the following Table has been prepared.

Table 6.3: Entrepreneurs Creation

Description	Participants
Entrepreneurs up to Feb 2006	14,000
Entrepreneurs up to August 2006	15,400
Entrepreneurs up to September 2007	24,710
Micro entrepreneurs group	2,639
MEGAs	350
Cooperative and Product Association	100+

Source: Based on UNDP Annual Report 2007 and MEDEP Report, 2006

The number of MEDEP entrepreneurs (as of February 2006) is over 14,000. As of August 2006, the program has been successful in establishing more than 15,400 entrepreneurs in 20 districts. All these entrepreneurs organize into 2,639 micro entrepreneurs groups (MEGs) and establish more than 350 micro entrepreneurs' group associations (MEGAs). Similarly, more than 100 cooperatives and product associations are functioning in 20 districts. Up to September 2007, the program has generated 24,710 entrepreneurs out of which 67 % are women.

6.2.4 Micro-Entrepreneurs by Ethnic/Caste Categories

The phase-II program document specifies that at least 30 % of its entrepreneurs should be drawn from the ultra-poor, this appeared first as a hard and challenging, especially for an enterprise development project rather than, say, a welfare-oriented project. Table 6.4 shows the entrepreneurs by ethnic and caste categories (see Table 6.4 page no. 58).

Table 6.4: Micro-Entrepreneurs (up to Dec. 2005), by Ethnic/Caste Categories

	Female	Male	Total	Percentage (%)
Dalits	1,583	1,261	2,844	21
Indigenous Nationalities	3,214	1,760	4,974	37
Others	3,322	2,441	5,763	42
Total	8,119	5,462	13,581	100
Percentage (%)	60	40	100	

Source: MEDEP Report (2006, p. 10).

According to Table 6.4, over 60 % of the MEDEP entrepreneurs are ultra poor and/or from one or more of the disadvantaged social categories. Specifically, 21 % of the entrepreneurs are Dalits, and 37 % are indigenous nationalities. The 42 % of MEDEP entrepreneurs (from all social categories) are from among the ultra poor. As it seems in the total, the percentage of the women entrepreneurs is 60 %. The participation of ultra poor seems less but the women participation in Dalits, indigenous and other sums 60 % accordingly this is the result of women empowerment and change in the social attitudes towards women in the society.

6.2.5 Enhancing Self-Employment through Micro-Enterprises

One of the major objectives of UNDP-supported initiatives have been to create opportunities for employment and income for the poor, the marginalized and vulnerable groups and communities through micro-enterprises and thus to contribute to poverty reduction. The Table 6.5 has been prepared based on information gathered from the district program coordinators and DMEGA's coordinators from Parbat and Myagdi district in Nepal and information available in UNDP website.

Table 6.5: Enhancing Self-Employment through Micro-Enterprises

Micro-enterprises creation		Job creation by promoting MSEs	
	8,116		9,988
Women	81%	Women	70%
Dalits	18%	Dalits	21%
Ethnic group	49%	Ethnic group	49%

Source: Based on UNDP Annual Report, 2007.

Table 6.5 above shows that the percentage of enterprise creation and job creation is 81 % and 70 % respectively incase women. In case of Dalits, this percentage is 18 % and 21 % respectively. Up to the end of phase-II, the program has become able to create 8,116 micro-enterprises and the women participation is 81 %. By promoting the MSEs women are able to create 70 % job opportunity.

6.2.6 Utilization of Micro-Finance

MEDEP's targets related to micro-finance have not been achieved and there is continued demand for such access at proper interest rates across all segments of the micro-entrepreneurs. Linkage to multiple local institutions operating on a commercial basis expected to provide better access in the medium term, but, for the most part at higher interest rates than were charged by the Agricultural Development Bank. The new MFI's tend to charge interest of between 18 % and 24 %. Table 6.6 shows the utilization of micro-finance by the women.

Table 6.6: Utilization of Micro-Finance

	Male	Female	Total portfolio (NRS. million)
Phase I	1,153	1,097	35.5
Phase II	380	732	5.9
Total	1,533	1,809	41.4
Percentage (%)	45.6	53.4	

Source: MEDEP Report (2006, p. 15)

Altogether, MEDEP entrepreneurs in phase-I have borrowed at least 41.4 million NRS men borrowed more than the women; but in phase-II, the situation reversed with more women borrowers. This is because of increased number of female entrepreneurs in the phase-II. Borrowers are comparatively more among indigenous nationalities. Dalit women had lesser access to finance than other categories.

6.2.7 Change in Per Capita Family Income

While considering the gender pattern women lag behind the male entrepreneurs in their rate of family income growth. People have the chance to involve themselves in income generation activities and employment opportunity so that family income is increased. MEDEP conducted household survey based on income level of people before the implementation of the program and after the implementation program, which showed that per capita family income has increased after joining in the program.

Table 6.7: Change in Per Capita Family Income, by Entrepreneurs' Gender

	Entrepreneurs family		
	Before (NRS)	After (NRS)	% Change
Female	25,502	38,089	48
Male	25,219	42,089	64
Total	25,360	40,089	56

Source: MEDEP Report (2006, p. 18).

Based on Table 6.7 the male entrepreneurs enhanced their income by 64 % and women increased it by 48 %. However, most of the enterprises seem to be registered in their husband name so the percentage may have varied. Another reason is that during the conflict period women entrepreneurs faced more difficulties than male.

6.2.8 Increase in Per Capita Family Income, by Ethnicity

Interestingly, the socially excluded Dalits and indigenous nationalities perform well in terms of the increase in family income because of their participation that can be seen in Table below. On average, they start from a smaller base salary, resulting in larger increases percentage wise. However, such rapid increases in family income among the very poor and disadvantaged often have good impacts on their lives. The female in ethnicity has been highlighted in the Table.

Table 6.8: Entrepreneurs' Increase in Per Capita Family Income, by "Ethnicity"

% Change	Dalits			Indigenous nationalities			Others		
	Female %	Male %	Total %	Female %	Male %	Total %	Female %	Male %	Total %
0-25	9.3	0.8	5.5	11.3	8.2	10.2	4.8	5.8	8.3
26-50	33.8	24.5	29.7	28.8	15.4	23.9	33.6	29.2	31.7
51-75	28.9	37.3	32.2	19.1	28.0	22.3	25.8	32.4	23.4
76-100	22.2	31.5	26.3	28.6	29.9	29.1	29.6	26.5	27.8
<101	5.9	5.8	5.9	12.2	18.5	14.5	6.1	6.	8.5

Source: MEDEP Report (2006, p. 19)

The above Table shows that the program has positive impact to improve the position of rural women among Dalits and indigenous nationalities. Most Dalits female are able to increase their income by 26-50 % and large number of indigenous female are able to increase their income by 26-50 %. However, in the program the increase per capita income level of women in the ethnicity is higher than male. Dalits and indigenous nationalities are target group of the program. In this group, both, male and female are benefited.

6.2.9 Increasing Family Income

MEDEP conducted the survey of 45,000 households in 20 districts for the mid-term review in 2006. One important purpose of the MEDEP was to increase significantly the incomes of the poor. As one indicator of success was income, MEDEP has compared the participating entrepreneur's family per capita income before MEDEP with the net income (revenues minus all non-family-labor costs) of the resultant micro-enterprise (not including any other income that the family may still be earning). The average MEDEP micro-enterprise now provides 56% more per capita family income than the family was receiving before MEDEP. The

percentage increase in family incomes is similar for Dalits, Indigenous Nationalities, and ultra poor; however, their enterprises are smaller than those of other MEDEP entrepreneurs.

Table 6.9: Entrepreneurs' Increase in Per Capita Family Income (Phase-I)

Districts	Percentage (%) increase				
	0-25	26-50	51-75	76-100	<101
Baitadi	1	814	411		
Dadeldhura		59	506	278	
Dang		619			
Pyutha			892		
Parbat			384	555	
Parasi			599	776	
Nuwakot				604	439
Dhanusa				400	770
Sunsari			557	486	91
Tehrathum			172	878	

Source: MEDEP Report (2006, p. 18)

Table 6.10: Entrepreneurs' Increase in Per Capita Family Income (Phase-II)

Districts	Percentage (%) increase				
	0-25	26-50	51-75	76-100	<101
Darchula	213	96			
Kailali	483				
Bardiya		83	298		
Banke	129	246			
Myagdi		381			
Rasuwa		160			
Sindhupalchowk		120			
Ramechhap	183	308			
Sindhuli		120			
Udayapur		642			

Source: MEDEP Report (2006, p. 18)

Although the average increase in family per capita income is 56 %, it is important to note the differences. The percentages of entrepreneurs experiencing higher increases in income were greater among the phase-I entrepreneurs than with the phase-II entrepreneurs who have recently begun their enterprises. The Tables show that only about 10 % of the phase-II entrepreneurs show a family income change of over 50 %. (In addition, this calculation does not include those that have not been in business long enough to report an annual post-MEDEP income.) On the other hand, the Table 6.9 shows that about 85 % are above the 50 % mark in

terms of increase in per capita family income. However, there was no significant increase in the income in phase-II due to law and order situation in those districts aggravated by the Maoist insurgency problem. This has resulted in inaccessibility to the raw material, market for the finished goods.

Despite social and cultural systems, which limit the engagement of women in enterprise development, women entrepreneurs have proved their bravery in standing at bar with their male counterparts in operating and managing enterprises in Nepal. Cultural values may have slowed their initial engagement but once actively involved, their entrepreneurial productivity has exceeded those of their male counterparts. There are more success stories where women entrepreneurs have taken the leadership roles within the limits of their domestic setting as well as outside of it through their engagement in enterprise development. Women entrepreneurs occupy key decision-making position in their groups and institutions have largely empowered them.

6.3 Findings of the Study

The study purposed to show the involvement of rural women in MEDEP in income generation. The data analysis based on secondary sources explains the women involvement in the program. There are some reasons, which influence women to start their own business, women have to take care of their children, remain busy in household work, and lack of access to investment as a result the percentage of SIYB seems less but it is rather reasonable. Table 6.11 represents the major findings of analysis in this chapter.

Table 6.11: Major Findings of the Analysis

Involvement of women in MEDEP	Involvement percentage (%)
Micro-enterprises creation (phase-I)	54.68
Entrepreneurship (phase-I)	55.24
Employment (phase-I)	53.21
Participation in the program (phase-II)	67
Enterprises creation (phase-II)	81
Job creation by promoting MSEs	70
Utilization of micro-finance	53.4
Impact of QIP	54
Change in per capita income	48
Increase family income	56

Source: Based on chapter analysis.

The study has proved the involvement of women in the program. It has led them to generate income for family it has become a tool for income generation. If the government follows a clear vision and the strategy towards the development of micro-enterprises, management by national planning commission the program will be more successful tool for poverty reduction.

To explain the findings of the study, the following section provides the answers of the questions set in the beginning of the thesis. The questions were:

- What is the situation of micro-enterprises in Nepal?
- What is the role of MEDEP in income generation?
- What is the role of MEDEP in gender equality and social inclusion?
- Has the MEDEP helped towards more equality and social inclusion of rural women (through the process of income generation)?

Below is the summary and the results of the study, which provides the answers of the above questions.

6.3.1 The Situation of Micro-Enterprises in Nepal

Through data analysis and descriptive analysis, the situation of micro-enterprises in Nepal has been analyzed. The important concern here is that there is no categorization and definition of micro-enterprises separately. MSEs sometimes become integral part of cottage and small industries while sometimes they are part of small and medium enterprises (SMEs). In many developing countries, SMEs have played a significant role in the economic development. The role of small and medium sized enterprises (SMEs) in contributing to job creation and output growth is now widely accepted in both developed and developing countries. In Nepal, cottage and small industries play an important role to accelerate economic development of the country through income and employment generation activities. Even then, SMEs in Nepal are unorganized, informal, and traditional. Therefore, it is very important to give emphasis of promoting and developing SMEs in a country like Nepal.

As described in the fourth chapter micro-enterprises are able to provide the job opportunity at local level. About 69.6 % micro and 39.7 % small enterprises are in the rural region (Annex II, Table 1). MSEs have the crucial role in national income generation. Average annual sales value of enterprises (in NRS) is 248,437 for micro and 2,146,449 for small enterprises (Annex II, Table 2). The market of product is local, within district, within country. Only 1.2 % of micro-enterprises, products are exported and 32.5 % of its products are sold in local market (Annex II, Table 3).

As a whole, MSEs have the crucial role in income generation in the rural level. Moreover, MSEs are in large numbers but unidentified so MEDEP has made its objectives to identify, manage and develop them.

6.3.2 The Role of MEDEP in Income Generation

In order to generate income the most vital and important ways of possible alternatives is MEDEP, which helped in creation of opportunities. The role of MEDEP in income generation is possible way of the window of opportunity. The program has focused and made its target to

ensure participation of the more women. For the income generation, the program has adopted following methods:

- Providing skill development training
- Entrepreneurs training
- Business management training
- Micro-credit provision
- Creating enterprises
- Creating opportunity of employment
- Providing marketing management proficiency.

MEDEP has provided the opportunity of income and source of employment. To support the answer and the findings, Box 6.1 explains the success story of a successful entrepreneur, which has published, in UNDP annual report.

Box 6.1: Success Story of Hira Maya

Hira Maya lives with her four daughters in a small house in Ward No. 3, Jaminibash, Begadawan VDC of Dhanusa district in eastern Tarai. Life was not easy for Hira Maya. In 2004, Hira Maya received support from the Micro- Enterprise Development Program (MEDEP) supported by UNDP, DFID, AUSAID, and Government of New Zealand. With this support, she started producing bamboo sticks, the raw material for incense sticks. She currently sells 7 kgs. of bamboo sticks everyday to the community collection centre, earning a decent monthly income of NRS. 5000. Hira Maya now has a house of her own, her daughters go to school, and she is able to pay for their school fees, books, and stationeries. She feels that her days of poverty are finally over as she has the skills to earn her own living. She enjoys when her daughters help her collect bamboo from the nearby jungle and cut bamboo sticks after they come back from school. With a content look on her face she says, "I am indeed proud to be an entrepreneur and a bread winner of my family."

Source: UNDP Annual Report (2007, p. 24).

Like Hira Maya, many other poor people who are seeking for the opportunities, MEDEP has become an effective means to support, train, employ and to start their own business.

6.3.3 Role of MEDEP in Gender Equality and Social Inclusion

The program aims to ensure gender equality therefore there is focus on women in capacity building to remove the poverty trap and boost their confidence in decision making and taking leadership roles to control on their earning. Gender awareness and gender sensitive training have been provided to program staff to identify and address gender issues. The program of gender awareness is for target participants and stakeholders that help to bring in a synergistic effect in the community for gender equity development.

MEDEP has created an environment in which women can equally share economic and social benefits. It has taken the initiatives to create a favorable environment for women to participate in enterprise development so the program has reached segments of the population traditionally bypassed by most development initiatives. MEDEP has helped to promote poor people into leadership positions. In 2006, the project’s advocacy led to 34 of the top 60 positions in the MEGA going to poor and disadvantaged women this demonstrates the inclusiveness and gender equality. It is also working with the government to improve the regulatory systems to make it easier for poor people to develop small enterprises.

The program has developed 8,163 micro-enterprises in 2007 involving mostly poor women, youth, Dalits and indigenous nationalities. In which 81% were women, 18 % Dalits, and 49 % Janajatis compared to 73 %, 19 % and 48 % respectively in 2006. These micro-enterprises generated an additional 9,988 jobs, mostly filled by women, Dalits and other marginalized groups. All current UNDP-supported grassroots projects have clear affirmative targets to promote women and other marginalized groups’ livelihood opportunities and participation in community development activities.

6.3.4 Gender Equality and Social Inclusion through the Process of IGA

Finally, the very important question concerning is how MEDEP has helped in gender equality and social inclusion through the process of income generation activities. Analyzing the various data, it emerges that the program has brought social and economic changes to women. The role of program towards gender equality and social inclusion through the income generation process has been summarized in the following paragraphs.

The program has objective of 70 % women participation and by involving in the program, women are able to generate income and able support their family financially. As a result, the social view towards the women has changed now. Women are conscious to educate their children, earlier there used to be discrimination between son and daughter. The male used to take the leadership in the family and society; nowadays women are also taking part in every social activity. The impact of the program on women is shown in the following Figure.

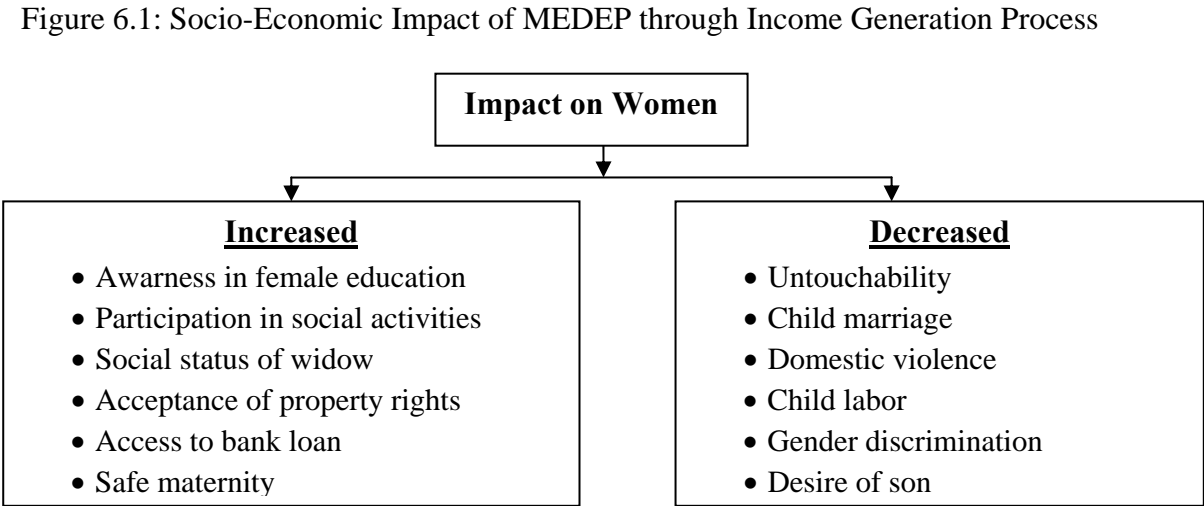


Figure 6.1 clearly shows the impact of program on women. The both increase and decrease situations are the positive impact of the program. The income generation activities have escorted women towards more gender equality and social inclusion. Women are not only household workers but also driver of social transformation. The belief on women “only household manager” has changed. Women participation in various religious, cultural, social, political, economic activities has increased now. Whenever the income level of people improves then only they can take advantage of education, health, food, and so on. In the study of De Gobbi (2005) on the micro-finance and micro-enterprises development and its contribution to the economic empowerment in Nepal and Pakistan also supports to the findings of the study.

Box 6.2: Impact of the Program on Women’s Situation

<p>Impact on the social sphere of women’s lives</p> <ul style="list-style-type: none"> • Social status of women entrepreneurs has improved -70 % • Percentage of female participation in MFI activities – 63 % <p>Impact on households and family situations</p> <ul style="list-style-type: none"> • Household and family situation improved - 90 % • Food quality and variety improved – 70 % • Resources for health care increased – 28 % • More resources spent on children’s education – 41 % <p>Impact on social and leadership position</p> <ul style="list-style-type: none"> • The level of women’s self-confidence has increased • Making more decisions by their own on financial resources, household well-being • Spend income on children’s education, food quality and health care • Nepalese women are in a better position; in MFI and also in local public institutions • Member-based MFIs seem to offer women more opportunities to be in decision-making positions and to become more actively involved in social affairs
--

Source: De Gobbi (2005, pp. 21-25).

The Box 6.2 suggests that the social status of women entrepreneurs has helped in improving family situation, food quality, health care, resources spent on children’s education and social leadership position. To empower and motivate the rural women are the essential part, which support them to involve more in income generation activities and change the standard of life.

Another fact is the profits as a percentage of total expenses by gender in micro-enterprises are 69.2 %, which is condemnable (Annex II, Table 4). Family per capita income change percentage has also increased by gender. Self-employment status is 71 % and participation in the program is 67 % up to September 2007.

It is noticeable that to increase the per capita income of the families, there are some other reasons also, which also increase the income and reduce the poverty. A total of USD 794

million in remittance entered Nepal in 2003-04, up from USD 203 million in 1995-96. This is 12 % growth in Nepal's GDP. Likewise, agricultural wages increased by 25 %, non-agricultural unskilled wages rose by 20 % and skilled wages doubled (www.nepalnews.com). Another important fact is that more priority given to women socially excluded groups, indigenous and ethnic in employment supports to increase in family per capita income.

However, MEDEP has become successful in providing opportunities of employment in the rural level where the way of income is involving in the micro-enterprises, thus the program has become successful tool for poverty reduction generating income for the poor. By involving themselves in the program, women have become aware of their rights, issues, problems, and experiences. In this way, the program has helped rural women to generate income. Moreover, involvement of women has led to sustainability of the program.

Chapter – VII

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

7.1 Summary

The aim of the study was to understand the women involvement in MEDEP for income generation in Nepal's rural area. The study was carried out through the secondary data sources collected mainly from related literatures, annual reports, internet websites, MEDEP officials contacted via email and on phone and personal working experiences of researcher. Given the geographical distance primary data collection was impossible at this point. To gather the relevant information of the thesis, MEDEP professionals fully helped by providing secondary type of information.

Nepal is a developing country, which lies in 136th position of UN human development ranking. Poverty in Nepal is acute, covering around 31 % of the people below poverty line, only 62 years of life expectancy, and around 50 % of adult literacy. The poverty in Nepal is concentrated especially in rural areas of mountain and hilly regions covering women, Dalits, Janajatis. The major economic forces are influencing the HDI. Nepal's current per capita income is about USD 240. The bottom 40 % households have only 11 % income. Service sector is becoming important and contribute 41 % to GDP. Nepal's economy is undergoing structural transformation. Recession has slowed down the economic activities.

There are many development programs regarding small scale, cottage, as well as micro-enterprises in Nepal. These systems have not yet developed as separate systems of MEDEP. Due to the new concept of the term MEDEP itself and completely related with the micro-enterprises development system, it has gradually developed its own systems. Another fact is that Nepalese people are more familiar with small and micro-enterprises. Nevertheless,

various NGOs and INGOs have developed some of the major programs to manage the resource through women and indigenous people. Women have a big role to play in developing the micro-enterprise sector of this country because they are not only the backbone of agriculture, but they also have the ability to develop other types of micro-enterprise products such as home based food stuffs, handicrafts, garments and many others.

Similarly, UNDP has implemented micro-enterprise development program in the rural areas across the country. It has practiced of managing the micro-enterprises and for the income generation in 20 districts across the country in phase wise manner. Hence, this research has been focused to evaluate the impacts of the programs by setting the following objectives:

- To analyze the situation of micro-enterprises in Nepal
- To show MEDEP as a tool for income generation (poverty reduction)
- To show the involvement of rural women in MEDEP
- To show the role of MEDEP in gender equality and social inclusion
- To show the impact of MEDEP on rural women.

The study can help the policymakers by explaining women's involvement in the program. It may act as guidelines for financial agencies and other agencies for further investment in the program and in planning similar program in other rural areas.

Second chapter of the thesis is the theoretical review of micro-enterprise and women empowerment. In this chapter, the focus is on various theories/concepts such as economic development, gender and economic development, micro-enterprises and women. Third chapter describes of socio-economic status of Nepal's women. Therefore, this chapter contains the social and economic status of women. Marriage system, family planning, health and nutrition, education and literacy, the armed conflict and impact on women, women economic participation, and employment status as well the women rights have been described. The fourth chapter deals with the micro-enterprises in Nepal, the status of micro and small enterprises, initiatives in the development of micro and small enterprises. This chapter contains the brief description of MEDEP, the integrated programs, achievements, products, marketing, challenges, and the barriers of the program. The fifth chapter focuses on relationship among income generation, women, and MEDEP. Here the emphasis is on the government programs for income generation, five-year plan, women, income generation, and micro-enterprise sector included in tenth five-year plan. In this chapter, the description of woman and MEDEP, MEDEP as a tool for income generation, importance of people participation for sustainability of the program are the main sub-chapters. The sixth chapter consists of the data analysis and presentation. This is the theoretical, explanatory, and critical analysis of data collected from the various sources.

Micro-enterprises are more common in rural settings, whereas small enterprises are most likely to be in urban settings. There are the majority of unregistered micro-enterprises with either central or local government authorities. More than half of the total enterprises are

operating in the manufacturing sector followed by the trade (21.3 %) and service sectors (17.3 %). Industrial focus of the government policy might have contributed to this manufacturing bias. The production site itself is the market for 41.8 % of micro-enterprises followed by the local market (32.5 %). Only 8 % of respondents traded in national markets and a small proportion (1.2 %) were engaged in exports. Small enterprises also tended to concentrate more on the local market though the number operating beyond the local market also is sizeable (49.2 %).

There are various programs for the poverty reduction in Nepal. The government of Nepal has implemented various programs and various NGOs/INGOs have been implementing their programs coordinating with the government of Nepal. MEDEP is the program implemented by government of Nepal Ministry of Industry, Commerce, and Supplies, with technical and financial supports of the UNDP. The poor, women, and people who cannot access the opportunity for other income sources develop the skill, create enterprise, and get the opportunity of employment. Up to the end of phase-II, the program has become successful to promote a total number of 24,710 entrepreneurs. The average annual income of the participating entrepreneur's has increased by 52 % the end of September 2007.

The program has the target of 70 % women participation and by the end of phase-II, 68 % of women, entrepreneurs have been developed and the program has been trying to meet to the target. During the end of phase-II, 80 % of new entrepreneurs are women, bringing the overall MEDEP average up to 67 %. This is also the evidence that women involvement is effective.

Female are utilizing the 53.4 % of micro-finance which male utilization is 45.6 % in phase-I. Women from Dalits and indigenous were not able to utilize the micro-finance but in the phase-II the percentage of women in utilizing micro-finance is excessively high. The status of women in employment, enterprise creation training, and leading group's in both phases has demonstrated the women involvement in the program.

Consequently, women's involvement in the both phases is satisfactory in program-implemented districts. The program has played significant role in creation of cash income opportunities, promoting traditional skill, and sustainable development of micro-enterprises. The socio-economic life of rural women has also been improved through the process of income generation process. Therefore, the contribution of MEDEP in poverty reduction by generating income for rural women in Nepal has become one of the reliable means of the country as well.

7.2 Conclusion

The study has been carried out to assist the program's overall impact on rural women, poor, and socially backward people. Present situations of the micro-enterprises in Nepal are miserable though they are in existence. Most of the micro-enterprises are running miserably. Mostly women run such enterprises to meet the local needs. Micro-enterprises has important role in income generation because rural people are employed seasonally or in their leisure

time. MSEs are small entities operating locally mostly in rural regions and employing a small number of employees with majority coming from the family. They generally meet the requirements of local people. However, they are facing number of problems including sustainable business development services, market linkage, and sustainability. There is no clear definition for micro-enterprises and there are unidentified tiny businesses, which are also playing the great role in creating opportunities for the rural people. MEDEP has practiced for the institutional development and for the management of such micro-enterprises across the rural areas of the country.

For the economic development, the program has made the target to involve more women in MEDEP identifying and managing micro and small enterprises run by women in rural areas. The program has developed many women entrepreneurs. The precondition of increasing the income level of the people in the country is economic development. Until the per capita income of people increases, economic development cannot be expected. The status of women, socially excluded castes, Dalits in the society is low. In this context, the program has played the positive role to empower the women, and socially excluded castes and creating business opportunities. MEDEP has played a great role to manage and preserve the local, traditional art skills and resources on a sustainable basis.

Female participation in micro-enterprises can be seen as a big improvement. However, the female participation is low in the small enterprise sector with the participation rate being 6.4 %. Some 79.2 % of micro-enterprises are in service in the rural sector, while small enterprises more or less equally disperse across rural and urban settings. The existence of larger enterprises in the urban sector is a result of the larger size of urban markets. This shows the importance of MSEs in rural economy.

Study shows that female operated enterprises seem to have received more assistance (37.8 %) than male operated MSEs (23.3 %) have. Similarly, micro-enterprises received greater assistance than small enterprises. This is not surprising given the sample of enterprises surveyed, which was unfair in favor of those in the MSEs who had received support from MEDEP. Therefore, MEDEP has become a tool of income generation for rural people and the life standard of rural women has improved as well as the number of women participation in MEDEP is also increasing. Socio-economic status has improved through the income generation process and played vital role in gender equality and social inclusion.

Therefore, MEDEP empowers the rural women, motivates, and leads them to get involved in the program. The involvement of women has made the program sustainable. Women are previously engaged in the MSEs and MEDEP manages those enterprises. MEDEP has managed the micro and small enterprises, which are run in the community, and run by women. Managing the enterprises involves the process of production, and marketing that is the way of income generation. Through the process of income generation, gender equality and social inclusion is achieved.

7.3 Recommendations

The analysis is mainly in descriptive and inductive manner to show the involvement of Nepal's rural women in MEDEP for income generation. There have appeared so many options and findings inside the study. Some of the most important findings and their appropriate recommendations are explained in this section. The findings will help the people who are living in rural areas and generating income by involving in MEDEP. Another important point is that the findings of this thesis contribute to the professionals who are engaged in MEDEP sector. The most important recommendations are:

- There are numbers of unidentified micro-enterprises all over the country so to manage them there should be more intention to identify them.
- By educating the people, MEDEP should minimize the social barriers, more focus to Dalits poor women so that they can actively involve in the program because the program has the objectives to participate the women by 70%, but the involvement of women is not meeting this target.
- The program should encourage women entrepreneurs more to be involved in the program as well as the male members of their families in major program activities such as training, micro-credit expense and marketing.
- The program has provided the opportunity to the local poor, women, Dalits, and indigenous people but it is necessary to show enterprises dropout rate more prominently so that the program can make effective strategy.
- There should be emphasize of the program to improve literacy rate specially women, Dalits, and poor to enroll their child in the school and adult education.
- A study should be undertaken for local economic development (LED) program in rural areas with preponderance of socially disadvantaged groups.
- The MOISC should formulate a national definition for micro-enterprise, which is applicable to all sectors of the economy (manufacturing, service, trade, and commercial agriculture) by ensuring that it also captures gender concerns.
- For each of the identified products, MEDEP should develop a full work plan, formally identifying the constraints, develop programs to address these issues, identify market partners, and develop the necessary institutional arrangements to facilitate and maintain strategic marketing linkages.
- A relatively simple process should be developed for the registration of micro-enterprises. Such registration would facilitate micro-entrepreneurs in procuring and transporting needed raw materials (including forest products), assist in securing micro-finance, and enable micro-enterprises to work with larger enterprises.
- There is a mutual relationship between MEDEP and involvement of women and income generation in the rural areas. MEDEP should play very important role to increase the participation of women and the local poor people.
- The program should emphasize the micro-finance more because the micro-finance is just one aspect of developing small-scale enterprises.

- The program should make and apply the strategy more consistently for effective business development services, such as training in entrepreneurship, technical and managerial skills, market promotion and linkages, and appropriate technology transfer for the success of these enterprises.
- Hence, it is obvious that women entrepreneurship development should be one of the innovative approaches of government's poverty alleviation programs so the government should take the step to empower women.



REFERENCES

1. Acharya, M. & Bennett, L. (1981). An Aggregate Analysis and Summary of 8 Village Studies. "The Status of Women in Nepal." (2) 9. CEDA, Tribhuwan University, Kathmandu, Nepal.
2. Acharya, M. (2003). Changing Gender Status Achievements and Challenges, Population Monograph of Nepal, (2): Central Bureau of Statistics, Kathmandu, Nepal.
3. Acharya, M. (2005). Accounting for Women's Work in Censuses in Developing Countries Nepal Experience. Paper Prepared for the Global Conference on "Unpaid Work and the Economy: Gender, Poverty, and the Millennium Development Goals," New York.
4. ADB (1999). Women in Nepal: Country Gender Assessment, pp. 5-35. (URL: http://www.adb.org/Documents/Books/Country_Briefing_Papers/Women_in_Nepal/default.asp), (Accessed 12 March 2008).
5. Ayyagari, M.T. & Demircuc, A. (2005). Small and Medium Enterprises Across the Globe, World Bank Policy Research Working Paper, Small Business Economics (29), p. 36.
6. Baidya, P. (2006). Micro-Enterprise: A Fitting Fool for Rural Poverty Alleviation (URL:http://www.nepalnews.com.np/archive/2006/ /news_feature06.php), (Accessed 12 March 2008).
7. Banerjee, N. (2002) Regional Review: Equality in Economic Activities and Employment. Strengthening the Role of Labour Standards in Selected Developing Member Countries ADB/ILO RETA Project No. 5887, p. 3.
8. Bennett, L. (1979). Tradition and Change in the Legal Status of Nepalese Women, in Status of Women in Nepal. (1) 2, pp. 7-8.
9. Bennett, L. (1983). Dangerous Wives and Sacred Sisters, Columbia University Press, New York.
10. Bhatt, N., Shrestha, B.T., & Koirala, I. (1994). Managing Resources in a Nepalese Village: Changing Dynamics of Gender, Caste and Ethnicity, IIDS, Kathmandu, Nepal.
11. Bhusal, P. (1998). Prajantantra Ra Mahila Andolan: Rajnitik Bhumika ko Khojima Nepali Mahila (Democracy and Women's Movement: Nepali Women in Search of Political Role) (Nepali), Election Commission, Kathmandu, Nepal.
12. Chen, D. (2003). Gender Equality and Economic Development: the Role for Information and Communication Technologies, World Bank Report, Washington DC 20433, pp. 4-6.
13. Country Gender Profile (2007). Final Report, pp. 1-38. (URL:<http://www.jica.go.jp/global/genwid/report/pdf/e06nep.pdf>), (Accessed 12 March 2008).
14. De Gobbi, M.S. (2005). Nepal and Pakistan, Micro-Finance and Micro-Enterprise Development: Their Contribution to the Economic Empowerment of Women, pp. 22-27.
15. Denholm, J. (1991). Agro Forestry in Mountain Areas of the Hindu Kush Himalayan Region. ICIMOD Occasional Paper No. 17, Kathmandu, Nepal.
16. Dollar, D. & Gatti, R. (1999). Gender Inequality, Income, and Growth: Are Good Times Good for Women? World Bank Policy Research Report on Gender and Development, Series, No. 1, p. 17.

17. Donna, K.F. & Linda, O. (1999). Women's Economic Activities in Jordan: Research Findings on Women's Participation in Micro-Enterprise, Agriculture, and the Formal Sector by International Center for Research on Women Development Alternatives, Washington D.C. 20036, USA, pp. 34-40.
18. Easter B. (1970). Women's Role in Economic Development. *American Journal of Agricultural Economics*, (53) 3, pp. 536-537.
19. ESCAP (1996). Rural Poverty Alleviation and Sustainable Development in Asia and the Pacific, United Nations Report, New York.
20. Ghulam, M. (2005). Background, Assessment and Analysis of the Gender Issues in Pakistan, MPRA Paper 683, University Library of Munich, Germany, p. 25.
21. Hill, M.A. & Elizabeth, M.K. (1993). Women's Education in Developing Countries: Barriers, Benefits and Policies. *Comparative Education* (31) 1, John Hopkins University.
22. IFAD (2008). Rural Poverty in Nepal (URL: <http://www.ifad.org>), (Accessed 25 April 2008)
23. ILO MSEs Survey (2003). A Report on Micro and Small Enterprise Policy Review in Nepal.
24. John, H.R. (2000). Renewable Energy for Micro-Enterprise, Published by the National Renewable Energy Laboratory 1617 Cole Boulevard Golden, Colorado 80401-3393, United States of America, p. 3.
25. Julius, A.A. (2003). The Role of Micro-Enterprise Finance in Economic Development, *Journal of the Academy of Business and Economics*, pp. 2-7 (URL: <http://www.highbeam.com/doc/1G1-113563593.html>), (Accessed 23 May 2008).
26. Kandel, P.R. (2006). Patterns of Local Governance Expenditures in the Context of Rural Poverty Alleviation. Prepared for Economic Policy Network Government of Nepal/Ministry of Finance , Nepal, pp. 49-51.
27. Karki, A. & Koirala, K. (2007). Development Strategies for a New Nepal: A National Debate, a Report of Rural Reconstruction Nepal (RRN) and Centre for International Studies and Cooperation (CECI-Nepal), (URL:http://www.rrn.org.np/resources/publications/new_nepal_report.pdf), (Accessed 12 May 2008).
28. Karki, B. (2008). Role of Entrepreneurship and Small Business in National Development. *Journal of Nepalese Business Studies*, 4(1).
29. Lester, N. (2005). Assessing Economic Development Incentives: Central Texas City: Managers Perspectives Texas State University-San Marcos, Political Science Department, Public Administration, p. 5.
30. Lewis, F.A. (2003). Theories of Industrial Modernization and Enterprise Development: A Review, Industrial Systems Research Publications, Manchester (England), pp. 1-2.
31. Lewis, J. (1991). Women's Status and Role in Society in Nepal: "A Country Study" published by the Federal Research Division of the Library of Congress. (URL:<http://womenhistory.about.com>), (Accessed March 2008).
32. Liedholm, C. & Donald, C.M. (1999). Micro-Enterprise Dynamics in Developing Countries: How Similar are Small Enterprises and Economic Development: The Washington, D.C.: Office of Advocacy. Wagner, Joachim, pp. 2-9.

33. Lohani, S. & Kumar, K.C. (2001). Women in Sustainable Agriculture Development and Environment. World Wide Web of Life, Agriculture, and Environment: Communication Issue (Published on World Environment/Population Day) Ministry of Agriculture and Cooperatives, Kathmandu, Nepal.
34. LRMP (1986). Land Resource Mapping Project: Agriculture Forestry Report-Present Land Use and Potential for Improvements, HMG, Nepal, p. 55.
35. Marge, M. (2007). Microfinance: A Platform for Social Change Grmeen Foundation Publication Series, p. 24. (URL:<http://www.greemefoundation.org>), (Accessed 17 May 2008).
36. MEDEP (2000). Annual Report – 2000, Micro-Enterprises for Poverty Reduction, pp. 22-23.
37. Millinium Development Goals (2004). Monitoring Report of Civil Society, a Report of Nepal Forum of Environmental Journalists (NEFEJ) on behalf of Nepal Network for Sustainable Development(NNSD), Kathmandu, Nepal, pp. 16-18.
38. National Planning Commission (2006). An Assessment of the Implementation of Tenth Plan/PRSP (2004-2005).
39. Nepal Living Standard Survey (2003/2004). Statistical Report Volume II, Government of Nepal, pp. 1-5.
40. Nepal, U. (2004). An Overview of Micro-Enterprises in Nepal, pp. 2-4. (URL: http://www.eastern.edu:93/academic/international/sld/mfi/Micro_enterprise_in_Nepal.pdf), (Accessed 12 April 2008).
41. OECD (1998). DAC, Guidelines for Gender Equality and Women's Empowerment in Development Co-Operation, Development Co-operation Guidelines Series, Paris. (URL: <http://www.oecd.org>), (Accessed 13 April 2008).
42. Ojha, D.P. (2004). Inventory of Poverty and Impact Monitoring (PIM) Approaches in Nepal, Submitted to Poverty Monitoring Unit, GTZ, Nepal, p. 61.
43. Pun L., Sapkota, I., Subedi, B. & Binayee, S. (2004). Microfinance for Small Scale Tree and Forest Products Enterprises: Opportunities and Challenges for the Local Producers in Forestry Sector Nepal Micro-Finance Case Study, submitted to Forest Products Service Food and Agriculture Organization, 00100, Rome, Italy, pp. 24-26.
44. Rai, B. & Buchy, M. (2004). Institutional Exclusion of Women in Community Forestry: Is Women-only Strategy a Right Answer? In Proceedings of the Fourth National Workshop on Community Forestry, 20 Years of Community Forestry: Contributing to Millennium Development Goals, 4-6 August 2004, Kathmandu, Nepal. Kathmandu: Community Forestry Division, Department of forest.
45. Sebstad, J. & Chen, G. (1996). Overview of Studies on the Impact of Micro-Enterprise Credit, paper submitted to AIMS, Management Systems International, Washington, D.C. p. 17.
46. Shapkota, C.M. (2006). NTFP's Management: A Tool for Poverty Reduction in Nepal's Mountain People, Master's Degree Thesis, Submitted in the University of Ljubljana, Faculty of Economics, Ljubljana, Slovenia, pp. 79-80.
47. Sharma P.R. (2007). Micro-Finance and Women Empowerment. The Journal of Nepalese Business Studies. (4) 1, pp. 2-18.

48. Sharma, S.R. (2004). Overview of Micro-Finance Development in Nepal: Growth, Outreach, and Contribution in Employment Generation, Kathmandu, Nepal.
49. Shrestha, M. (1990). Participation of Women in Industrial Development (in Nepali) paper presented in the seminar on Women and Development organized by the Ministry of Labor and Social, Kathmandu, Nepal.
50. Shrestha, S. & Bhandari, P. (2005). Environmental Security and Labor Migration in Nepal, paper for presentation at the IUSSP's XXV International Population Conference, Tours, France, p. 6.
51. Shtrii, S. (1995). Women, Development and Democracy: A Study of the Socio- Economic Change in the Status of Women in Nepal (1981-1993) prepared for USAID, DANIDA and CCO, pp. 70-73.
52. Thapa, A. (2007). Micro-Enterprises and Household Income. Journal of Nepalese Business Studies, 4(1), p 110.
53. Thapa, P. (2003). Financial Analysis of Allo Based Micro-Enterprise and Its Impact on Livelihood of Rural Community of Parbat District. A Research Report submitted in IOF, Pokhara, Nepal, p. 44.
54. The Industrial Enterprises Act (1992). An Act Made to Provide for the Industrial Development (URL:<http://www.fncci.org/iea92.pdf>), (Accessed 02 April 2008).
55. UNIFEM (2006). United Nations Development Fund for Women, "A Rapid Scan - Organizations Working on Women and Peace in Nepal." (URL:<http://www.un.org.np/agencyprofile/profile.php>), (Accessed 22 April 2008).
56. White, S. (1999). Job Quality and Small Enterprise Development. Working Paper Number 4. Geneva, ILO, pp. 12-13.
57. World Bank (2002). Human Development South Asia Region Report, (URL:<http://www.worldbank.org/wdr/2001/fulltext/fulltext2002.html>), (Accessed 23 March 2008).

SOURCES AND INTERNET WEBSITES

1. Bureau of Democracy, Human Rights, and Labor, 1999 (URL:<http://www.state.gov/g/drl/rls/hrrpt/>), (Accessed 13.March 2008).
2. Central Bureau of Statistics (2001). Statistical Data, Government of Nepal.
3. Central Bureau of Statistics (2004). Statistical Data, Government of Nepal.
4. CIA World Fact book (www.nepalvista.com/realnepal/poverty.html), (Accessed 02.April 2008).
5. MEDEP (2002). Annual Report - Micro- Enterprises for Poverty Reduction.
6. MEDEP (2006). Mid Term Report- Micro- Enterprises for Poverty Reduction.
7. National Planning Commission (2003). The Tenth Five-Year Plan (2002-2007), National Planning Commission, Nepal.
8. Nepal Demographic and Health Survey (2001). Ministry of Health of Nepal. Health Services. Family Health Division. (URL:[http:// www.moh.gov.np](http://www.moh.gov.np)), (Accessed March 2008).

9. Nepal Industrial Act (1992). The Industrial Enterprises Act 1992: An Act Made to Provide for the Industrial Development Published in Nepal Gazette.
10. Nepal Labour Force Survey (1998/99). Statistical Report Central Bureau of Statistics National Planning Commission Secretariat Government of Nepal.
11. Statistical Year Book (2003/2004). Statistical Data of Industry (manufacturing) Published by CBS Nepal.
12. The Education of Women in Nepal (By Claire Bennett) (URL:<http://www.poweroftheheart.ning.com>), (Accessed 11 May 2008).
13. The World Bank (2003). World Development Report- 2003, Nepal (New York: Oxford University Press).
14. UNDP (2004). Nepal Human Development Report- 2004 United Nations Development Program, Nepal.
15. UNDP (2005). Nepal Human Development Report- 2005 United Nations Development Program, Nepal.
16. UNDP (2006). Nepal Human Development Report- 2006 United Nations Development Program, Nepal.
17. UNDP (2007). Human Development Report- 2007 United Nations Development Program, Nepal.
18. URL:http://www.unescap.org/about/poverty_reduction.asp (Accessed 03 March 2008).
19. URL:<http://www.icweb2.loc.gov/frd/cs/profiles/nepal.pdf> (Accessed 19 March 2008).
20. URL:<http://www.nepalhandicraft.org.np> (Accessed 20 April 2008).
21. URL:<http://www.npc.gov.np> (Accessed 06 March 2008).
22. URL:<http://www.oecd.org> (Accessed 13 May 2008).
23. URL:<http://www.medep.org.np> (Accessed 02 April 2008).
24. URL:<http://www.undp.org.np/poverty/index.php> (Accessed 03 March 2008).
25. URL:<http://www.shtriishakti.org/actompleted.html> (Accessed 14 March 2008).
26. URL:<http://www.3sistersadventure.com/EWN/Womeninnepal> (Accessed 30 February 2008).
27. URL:http://www.adb.org/Documents/Books/Women_in_Nepal/default.asp (Accessed 03 April 2008).
28. URL:http://www.atheism.about.com/library/world/KZ/bl_NepalWomen.html (Accessed 31 February 2008).
29. URL:http://www.icimod.org/archive/icimod/focus/enterprise/women_ent/women_ent_ch3.html (Accessed 14 March 2008).
30. URL:http://www.ilo.org/public/english/employment/gems/eeo/law/usa/l_wbo.html (Accessed 05 March 2008).
31. URL:<http://www.nepalnews.com/archive/2006/sep/sep27/news03.php> (Accessed 12 May 2008).
32. URL:<http://www.ngofederation.org> (Accessed 04 June 2008).
33. URL:http://www.peacewomen.org/resources/Peace_Negotiations/WomenPeaceAgrNepal.html (Accessed, 02 February 2008).
34. URL:http://www.radeforum.org/news/fullstory.php/./Women_in_the_Global_Economy.html (Accessed 25 February 2008).

35. URL:<http://www.ruralpovertyportal.org/english/regions/asia/npl/index.html>, (Accessed 25 April 2008).
36. URL:http://www.womenhistory.about.com/library/ency/blwh_nepal_women.html, Accessed 02 February 2008).
37. URL:http://www.worecnepal.org/women_health.html, (Accessed 01 March 2008).

Table 1: MEDEP Implemented Districts



The collage consists of four rectangular images arranged in a 2x2 grid. Each image has a white caption box at the bottom.

- Top Left:** Two rows of plastic bottles filled with orange squash. The labels feature an orange and the text "Tunele".
Caption: Orange Squash
- Top Right:** Various bamboo products including a traditional house model, a clock, a chair, and a swan-shaped basket.
Caption: Bamboo Products
- Bottom Left:** A pile of colorful, patterned fabrics and textiles.
Caption: Allo Products
- Bottom Right:** A large number of white, rectangular Lokta paper sheets leaning against wooden poles outdoors.
Caption: Lokta Paper

xi

Annex II: Performance of Micro and Small Enterprises (MSEs) in Nepal

Table 1: Regional Distribution of MSEs

	Micro	Small	Total
Urban	30.4	60.3	100.0
Rural	69.6	39.7	100.0
Total	100.0	100.0	

Source: ILO MSE Survey, 2003.

Table 2: Average Annual Sales Values of Enterprises (in NRS)

Sector	Micro	Small
Manufacturing	174227	2620022
Trade	624549	3017127
Services	122748	1029227
Others	26754	-
Urban/Rural		
Urban	465585	2164055
Rural	153681	2119687
Total	248437	2146449

Source: ILO MSE Survey, 2003.

Table 3: Market for the Product

	Production Site	Local Market	Within district	Within country	Export
Micro	41.8	32.5	16.5	8.0	1.2
Small	31.7	19.0	27.0	20.6	1.6

Source: ILO MSE Survey, 2003.

Table 4: Average Values of Inputs and Profit by Gender

Enterprise/ Gender	Expense on raw material	Enterprise operation expenses					Total expenses	Total profit	Profits as a percentage of total expen-ses
		Salary wages	Water/ -city, etc.	electri rent	House Other	Total			
Male Micro	283294	35962	14354	7875	5433	63624	346917	55060	15.9
Male Small	150033	30061	96015	19986	5867	47529	197562	271353	13.7
Female Micro	31539	3144	425	532	950	5052	36590	25302	69.2
Female Small	362500	21929	9900	2000	300	23419	596692	66933	11.2

Source: ILO MSE Survey, 2003.

Annex III: Handicraft Export Statistics of Nepal mid July - mid July FY 2005/06 - 2006/07

S.N.	Particulars	Mid July-Mid July		-/+% change in Export Compared to 2005/06	% Share in Total Export of 2006/07
		FY 2005/06	FY 2006/07		
1	Pashmina Products	619,391,984	491,205,766	(21)	18.08
2	Woolen Goods	657,726,442	475,270,083	(28)	17.50
3	Silver Jewelers	360,079,696	371,174,442	3	13.66
4	Metal Craft	437,790,118	381,198,709	(13)	14.03
5	Handmade Paper	269,630,462	242,019,925	(10)	8.91
6	Silk Products	126,521,848	121,662,533	(4)	4.48
7	Cotton Goods	92,564,129	101,935,371	10	3.75
8	Felt Products	-	224,742,173	-	8.27
9	Wood Craft	66,806,760	60,984,160	(9)	2.25
10	Hemp/Allo Goods	56,379,084	34,137,753	(39)	1.26
11	Leather Goods	20,761,121	21,629,804	4	0.80
12	Paubha (Thanka)	15,411,112	16,397,750	6	0.60
13	Incense	17,726,273	22,048,909	24	0.81
14	Ceramics Products	15,081,348	20,647,331	37	0.76
15	Bone & Horn Products	23,824,695	26,041,350	9	0.96
16	Plastic Items	8,921,345	21,697,113	143	0.80
17	Other Textile Prod.	13,452,267	14,098,867	5	0.52
18	Beads Items	9,519,405	8,525,295	(10)	0.31
19	Stone Craft	3,018,383	2,749,158	(9)	0.10
20	Dhaka Products	4,661,928	2,192,217	(53)	0.08
21	Bamboo Products	2,198,939	1,647,215	(25)	0.06
22	Miscellaneous Goods	59,177,511	54,378,122	(8)	2.00
23	Total	2,880,644,848	2,716,384,047	(6)	100.00

Source : www.nepalhandicraft.org.np.