

Chapter 4

Case Studies on Producers and Craft-Based Organizations

This chapter describes the development and functioning of organizations engaged in the production and marketing of handicrafts, with particular reference to their experience in marketing over the last decade. It also assesses organized marketing initiatives and the problems and constraints they faced and tackled in their evolution and functioning. An attempt is also made to identify the factors that led to the success or failure of their marketing strategies. A presentation of the account and impact of organized marketing efforts is made in the form of case studies of different producer groups and organizations and individual producers in different sectors.

In Nepal, development of the handicraft market has been closely connected with that of tourism, particularly after the country opened its doors to the outside world in 1960. Prior to this, the handicraft market was confined to certain lo-

cal communities; highly skilled work such as that required to make idols and *thanka* was the prerogative of selected communities only, whereas other handicrafts (such as bamboo baskets [*doko*], hand-woven cloth, etc) were produced for local use, either for special ceremonies or for daily use. These were often marketed by barter in local bazaars.

It took several years for producers to become aware of the importance of developing and promoting collective marketing efforts. Such efforts began with the formation of cooperatives, NGOs, and corporate organizations during the 1980s. The selected case studies presented in this document demonstrate the gradual development of individual producers who merged into groups that reflected a felt need for and the strategic importance of marketing on a collective and organized basis.

4.1 Sangtang Women's Club

4.1.1 Background

The Sangtang Women's Club was established in 1977 with initial technical and financial support from the Women's Training Centre, Dhankuta. It has a total of 80 producers, and its members are situated up to an hour and a half's walk away from its centre below Dhankuta Bazaar. The ethnic group, the *Rai*, the main inhabitants, own little arable land and are mostly illiterate. Sangtang Women's Club was established mainly to help the *Rai* women earn supplementary income by using their traditional embroidery motifs to produce items for sale, as well as by introducing other income-generating activities such as vegetable farming and goat raising. The unique embroidery skills the women have were previously used to make shawls for their own use prior to the establishment of the club. The club, upon successful implementation of adult literacy classes, took up embroidery work as a programme activity and as a means of supplementing the household income of poor families through providing work to women. Prior to this, many households earned supplementary income by selling firewood in Dhankuta. The Sangtang Club produces napkins, place mats, tablecloths, and shawls with traditional embroidery motifs.

4.1.2 Structure of the Club

An executive board consisting of members elected from among the producers is responsible for overall management of the club's activities. The secretary, Mahangma Rai, is responsible for receiving orders, distributing work, procuring raw materials,

and collecting and delivering goods. The groups and board members meet as often as necessary, but mostly they meet when orders are received, payments are made, and deliveries are despatched. The secretary, supported by one or two other members of the board, makes most of the day to day decisions.

4.1.3 Marketing

Before the formation of the club, the market for traditional, colourful embroidered shawls made by *Rai* women from Sangtang was almost non-existent. With the help of the Women's Training Centre, product development training was organized, producer groups were formed, and a linkage was established with the Cottage Industry Emporium (CIE) in Dhankuta for marketing shawls and other products. The Cottage Industry Emporium used to solicit orders from retailers in Kathmandu and pass them on to the Club. However, after some time, CIE failed to provide regular orders, and linkages with marketing agents in Kathmandu could not be maintained. At that stage, a member of FTG Nepal, *Mahaguthi*, contacted the Sangtang Club in 1985 and placed the first order directly with the club.

The procedure for making finished products was as follows; the women bought yarn and cloth from Dharan or Biratnagar and embroidered cotton or other fabrics. These items were sold to the club after adding the costs of materials, wages, and a 10 per cent overhead for the club. The FG members, Association of Craft Producers, *Mahaguthi*, and private traders such as Dhankuta Sisters and Ama Impex, have been their main customers. *Mahaguthi* and ACP purchase

most of the items produced. Their main products are embroidered shawls, napkins, place mats, table cloths, bed sheets, and embroidered borders which are used for decorating cushions, *thaili* (purses), tea cosies, etc. ACP and *Mahaguthi* also helped the group in product development, thus providing opportunities for product diversification to the Club and its members.

Presently, the club mostly works on order. There is no system for producing pre-order stock. This ensures that there is no unnecessary stock piling; but sometimes the club fails to deliver goods on time due to shortage of stock. When the club receives orders it buys thread from the local market to be distributed among its producers. Sometimes there is a problem in terms of equal distribution of orders, especially when the size of the order is small.

Once the work is finished, the items are delivered to the club. The club maintains a record of thread and materials supplied to individual producers, and wages are calculated according to the pattern, size, and length. For example, wages for a standard shawl are calculated at Rs. 150. The raw material costs Rs. 120 and the member sells it to the club at Rs. 270. The Club adds a 10 per cent overhead for itself and with another five per cent transport cost the shawl is sold at Rs. 301 to the agent in Kathmandu. Products from the Sangtang club were introduced to the Kathmandu market through various exhibitions organized by *Mahaguthi* over a period of several years and producers were invited to demonstrate their skills. These publicity measures have created a substantial market over a period of seven

or eight years. With regular orders from *Mahaguthi* and ACP, the producers began to travel to Kathmandu for delivery and to seek new outlets. Nevertheless, gradually, because of the failure to introduce new designs and products, markets began to decline sharply from 1996. Apart from the constraint of product development, there have also been problems in management and finance, resulting in a decline in the capacity to procure and meet orders. As a result, the sales, as reflected by the wages paid to producers (raw materials paid for), for example, to *Mahaguthi*, fluctuated during the three years from 1993-1996. This is illustrated below.

Year	Amount
1993/94	Rs 5,562
1994/95	Rs 38,962
1995/96	Rs 13,267

Supplies of raw materials, technology, and inputs for product development have also fluctuated. Suitable thread is scarce in the local market. Sometimes producers have to depend on the Kathmandu market, and transportation and communications add to the expenses.

One drawback is caused by having to choose between traditional and modern motifs. The embroidery motifs of the club are traditional, and modifying them would not only spoil the originality but would also mean that the modified products would have to compete with mechanised embroidery. Mechanised embroidery is common in Freak Street market in Kathmandu, and competing with it is difficult. The seamstresses have also not been able to get the colour combinations ordered without outside guidance.

The smallest change in colour or shade causes long delays in production as a response from the customer is required. There was a case in which the orders placed by Ama Impex and Mahaguthi were not met for over one year because of a failure to get the colour combination right. Though training in improved production was provided by Mahaguthi, lack of follow-up from the club led to discontinuation in some product lines. The club also showed no interest in making newly developed products known to other retail outlets.

The club, which has supported its members for a number of years, is itself now in need of outside support, especially to improve and diversify its products as well as to introduce alternative income-generating activities for its members. FTG members can collectively support it by providing training in product improvement, facilitating the supply of raw materials and undertaking bulk purchase of finished goods. Orders often need consolidating while transferring them to Kathmandu, in order to reduce delivery costs. FTG mem-

bers should discuss and coordinate before placing orders, so as to minimise raw material and delivery problems. There is also scope for facilitating the transfer of skills to other activities; the group already began Dhaka weaving and FTG members can transfer some of the new orders for Dhaka cloth to Sangtang producers. Other areas in which they need support are training in marketing and in identifying new avenues for work and income such as cocoon rearing, cotton growing, and weaving. The decline in orders for embroidered items has, in any case, forced women to choose alternative means of earning income, while a few women who have been well trained and exposed through the club's activities have commenced new and additional activities; but most of them are now out of work. The more enterprising among them, even among the highly committed workers of the club, have taken up new activities independent of the club (see Box 4.1: The Case of Mahangma Rai).

Besides the constraints related to production and marketing, the club is also faced

Box 4.1: The Case of Mahangma Rai

Mahangma Rai resides just a few minutes' walk from the Sangtang Club centre. She is married and has two sons and one daughter. She initiated the formation of Sangtang Club. When she joined the club she was about 25. She had very little education but dared to break with tradition and came to the front line in organizing the group in the early stages. She was the chairperson of the Sangtang Club for some time, and she is now acting as the secretary. She looks after and coordinates the club's activities in marketing, delivery, and account keeping. Her husband was a local school teacher but he recently lost his left leg due to cancer. She has now the sole responsibility of supporting her family. Mahangma Rai has been able to generate a regular income from the embroidery work. She mentioned that she had been able to buy a piece of land to farm, while earning to meet the family's daily needs. She also runs a tea stall. Her average income of Rs 1,500 per month supports the household needs. She has recently reinvested her savings of Rs 5,000 to establish a separate workshop for Dhaka and handspun weaving. It seems now that she is trying to move from group activities to become an entrepreneur. She has employed three women to weave the Dhaka cloth, but her attempts to sell it to Mahaguthi failed because of the quality. She was given the option of weaving handspun cloth recently, and she is now working on this.



Unique Embroidery by Rai Women of Dhankuta: Mahangma Rai of Sangtang Club

with its own management and financial problems. Registration of the club has not been renewed, and the committee is thinking of registering it in a new name instead of renewing the old club. The activities and the finances of the club have also shrunk due to the phasing out of a health and hygiene programme carried out with SCF (UK). The margin of 10 per cent that the club normally charges has not been enough and sufficient money has not been accumulated to cope with the growing inflation. The club now faces a problem of liquidity, and there is not enough money to buy thread, rather the club depends heavily upon advances from marketing organizations.

Many club members have withdrawn or have gone to other organizations. Dhankuta Sisters took eight women from Sangtang to Kathmandu to employ them in their own workshop. These women have now been sent back due to a fall in market demand. With a decline in the market for embroidery products, some members learned and tried to start *dhaka* weaving production, although they are finding it difficult to compete in quality with Tehrathum producers.

The secretary, Mahangma Rai, who is running everything, including marketing, delivery, and receiving orders, due to her own personal problems, has also started her own production unit. She could not give as much time to the club as in the past, and there is no one else to take charge of the club. The club failed to nurture a new generation to take charge of managerial work, because its members did not foresee the need.

Thus, the future of the club appears uncertain. Support from marketing organizations, such as *Mahaguthi*, could help to some extent, but a decline in the demand for its products means that it has to diversify into other products. This might give it a chance to compete in the market.

4.2 Tehrathum Bansghari Dhaka Weaving Centre (TBDWC)

4.2.1 Background

This group was formed through the initiative of KHARDEP in 1983 to experiment with its overall *dhaka* cloth weaving development plan. A British volunteer, Pam



A Dhaka Weaver, Tehrathum

Macklan, was assigned by KHARDEP to assist producers in creating new designs and products. Sita Subba was the first woman to experiment in and test the market. She organized this group with the help of Pam Macklan. Prior to this she used to weave *dhaka* cloth to make *topi* (men's caps) and *cholo* (women's blouses) to sell to the local market. She earned a small income from doing so. There was a branch of the Cottage Industry Emporium in the locality which supplied weaving yarn and collected the finished product to sell through its shop in Kathmandu and other stores. *Mahaguthi* first began to buy goods from the Cottage Industry Emporium where many producers sold goods on an individual basis.

Sita Subba has been one of the sole suppliers to *Mahaguthi* since 1984 when the Cottage Industry Emporium failed to supply yarn and sell the finished products. During a 14-year period, Sita Subba and her sisters, Ranjana and Tulsa, have trained a number of weavers in this locality; and these weavers have now become independent producers. Similarly, a group of 12 weavers from Solma, a village on the

hill adjoining Tehrathum, who used to work in this workshop, left in 1988 and established the Solma Weaving Club with the technical and financial help of *Mahaguthi*. There are several examples of this type in which individual producers, after working for some years in a workshop, have started or joined other organized weaving workshops.

The regularly increasing orders received from *Mahaguthi* for over 13 years have been the key factor in improving the condition of these three sisters and the weavers' group. Sita Subba, who started the workshop with only a few women, had once enlisted 125 producers in the group. However, due to a decline in orders, the number of weavers is now only 30. Sita Subba and her two sisters, who ran the business of the centre, are now married and Dilli Subba, their brother, who himself is a teacher, is looking after it.

4.2.2 Marketing

In the beginning, a representative from *Mahaguthi* visited the workshop several times a year to collect the finished goods.

Later, the producers were encouraged to visit Kathmandu to deliver finished products and interact with other retailers and get direct market feedback. Leaving aside a small amount sold to the local market, the entire production of this group has been supplied to *Mahaguthi* since 1985. Since 1996, however, there has been a decline in orders from *Mahaguthi*. Simultaneously, the number of producers has also decreased from 125 to 30. As *Mahaguthi's* orders declined, Dilli Subba failed to look for other sales' outlets. He does not seem willing to exert himself to promote the activities of the group as he himself is not a weaver.

The sales from the Centre to *Mahaguthi* over the last four years are given as follows:

Year	Amount
1994/95	Rs 50,000
1995/96	Rs 362,000
1996/97	Rs 92,061
1997/98	Rs 219,000

The Centre, at present, seems to suffer mainly from the lack of full time and committed management, as this was earlier provided by Sita and her sisters. Dilli Subba cannot devote much time to its affairs, as he has a job as a teacher. Not being a weaver himself, he has very little interest in running the Centre. As this group has been solely dependent upon one single FTG member organization, the sense of competition, market development, and promotional efforts could not be instilled into the organization. The current manager is neither professionally confident nor interested in diversifying the market for its products. Lack of second line management, departure of some members to start

their own units, and dependence on a single buyer seem to plague the TBDWC, even though the product, *dhaka* cloth, has good market prospects and the Centre's product is of good enough quality to compete in the market. It may be advisable for the manager to train one of the lady weavers to take charge of the workshop. Even if the Centre is closed, the remaining 30 weavers could form another group. FTG member organizations might support it, particularly in view of the demand for and availability of skills to produce the cloth.

4.3 Ujolta *Dhaka* Cloth Industry

4.3.1 Background

Ujolta Subba, a middle-aged woman from Tehrathum district, is one of the producers from the FTG member, Association for Craft Producers (ACP). She has been making *dhaka* cloth since weaving *dhaka* cloth was reintroduced into the Tehrathum district during 1984-86. Her workshop is very close to that of Dilli Subba (mentioned above). As an individual weaver supplying to the Cottage Industry Emporium and other private entrepreneurs, she came in contact with ACP in 1988 while searching for a market. ACP started by placing trial orders for narrow shawls from which ACP used to make cushions, bags, etc. Because of the continuous orders received from ACP over the last eight years, Ujolta has been able to expand production and now employs 40 women in her business.

Ujolta Subba remembers the day when she had a difficult time selling her products and placed her goods on a consignment basis with the Dhankuta Sisters (a privately-owned shop in Kathmandu). In those days, she received payment only



Weaving for Export: Colourful Handloom Cloth

after her goods were sold. The clear advantage in working with the FTG member, ACP, is that she receives continuous orders and fair wages which include producer benefit packages. Ujolta Subba adds that she has trained a number of other people from Tehrathum district who then became independent entrepreneurs. Ujolta also realises that, since she is completely dependent on ACP for a market, she has little knowledge about the competitive market environment. She has not received any marketing training nor does she spend much time visiting other stores in Kathmandu when she goes there to deliver the goods. In addition to 40 producers registered with ACP, she provides occasional work to a

few outside producers who receive raw materials from her and deliver the finished products.

Because unemployment in the hilly areas is rampant and women especially have very few income-earning opportunities, *dhaka* weaving has given substantial earning opportunities to women in this region. The impact of the weaving trade, seen over the decade, is the transformation of a traditional skill into a fruitful and lucrative income-earning opportunity. A number of women weavers working with Ujolta have been able to raise their incomes substantially and bring about improvements in their families' living standards (see the Case of Padma Rai, Box 4.2).

Box 4.2: Income Enhancement from *Dhaka* Weaving

The Case of Padma Rai who is working at Ujolta's Weaving Centre: Padma Rai, aged 28, came to Tehrathum after she heard about opportunities in *Dhaka* weaving from her friends. She is from a poor economic background, with seven members in a family living on limited land in Khandbari village in Sankhuwasabha district. She is the only member of the family earning to supplement agricultural earnings. She is unmarried but has the responsibility of looking after her family of seven members. She trained as a weaver in Tehrathum in 1990 and since then she has been working at Ujolta's workshop. She earns, on average, 3,000 per month and sends Rs 2,000 to Sankhuwasabha regularly. She has been able to purchase nine *tole* of gold (worth Rs 72,000) and has savings of a few thousand rupees in the bank. There are several weavers working at Ujolta's workshop who have a similar story to tell.

4.3.2 Marketing

There was a gradual increase in sales until they reached Rs 1.8 million in 1996 but, during the last two years, the sales have decreased. Ujolta not only works to order, but when there are no orders she piles up stock based on past sales' experience. She also makes extra items to sell in the local market. Prior to supplying to ACP, she had a very hard time selling her products. Her firm confidence and entrepreneurial intuition led her to become a successful entrepreneur. She gets feedback from ACP on every new product she develops. Besides that, she also gets support in design and colour combinations from ACP from time to time. Once the order is completed, she sends one of the weavers to deliver the goods to Kathmandu. On return, she manages to buy yarn from Dharan, which minimises the costs of transporting yarn.

4.3.3 Problems

The supply of raw materials is a constant problem. Due to the fact that a single factory supplies the yarn, there is always uncertainty about timeliness in and regularity of supplies. In marketing her products Ujolta's dependence on a sole organization has made her complacent and rather incapable of exploring new markets.

It may not be possible either for Ujolta to enlist more producers for her workshop. Most of the producers around Tehrathum do not want to come to her establishment. Some newly trained producers started their own production units and tried to sell to the same organization as Ujolta; namely, ACP. Upon rejection by the ACP, discontent arose in the village

and Ujolta is often looked upon as the villain of the piece!

4.4 Allo Cloth Production Club

4.4.1 Background

Situated in the remote hilly areas of Sankhuwasabha district, reaching the Allo Cloth Production Club takes about 18 hours by bus from Kathmandu and four days on foot (or 40 minutes by air from Kathmandu to Tumlingtar and then two days on foot). Sankhuwasabha district is one of the remotest areas. The Makalu Barun National Park Conservation Project (MBNP/CP) is situated there. Although the commercial production of *allo* products had not existed prior to the establishment of the Allo Cloth Production Club, people from this region have long been engaged in the production of *allo* and its sale or exchange for other goods in the local *haat*⁵ bazaar. Some families who were able to preserve traditional skills in *allo* processing and weaving produced *allo* cloth in small quantities occasionally. The possibility of weaving *allo* cloth on a commercial scale was first promoted in 1984, following a survey by the Koshi Hill Area Rural Development Project (KHARDEP), a British-aided project, to identify alternative income-earning opportunities for the people of this region.

The marketing of *allo* products from Sankhuwasabha to Kathmandu, targeting tourists, began in 1985 when KHARDEP introduced weavers to marketing outlets for *allo* products in Kathmandu. *Mahaguthi* was one of the outlets that started selling *allo* cloth in Kathmandu. With the initiative and efforts of Susi Dunsmore (a Briton involved in the KHARDEP project), the

⁵ *haat* bazar: a market held regularly throughout the year on a specific day of the week.

market for these products was tested without modifying the design and quality of the products. Rather, producers were encouraged to produce in their own traditional way. These original products were *dhakro* (sacks), *jhola* (bags), *bhangra* (vests), fish net, and simple cloth woven on a bamboo back-strap loom.

In the beginning, producers from Bala and Mangtewa VDCs, were approached by KHARDEP together with *Mahaguthi* and some women showed an interest in experimenting with their skills. The viability of commercial production was yet to be explored. One year of trial marketing showed there might be a demand. So, attempts were made to organize producers into an informal group. New products were tried and these were mainly slightly modified versions of existing products to make them more suitable for the Kathmandu market which consisted mainly of tourists and expatriates. Though the group was informally set up in 1987, it was formally registered in the district office in 1990 as the *Allo Cloth Weaving Club*. The following are its objectives.

- To provide training in production of items from *allo* adapted to suit the foreign market as well as the Nepalese market
- To motivate the people of Sankhuwasabha district (especially women) to produce *allo* cloth and provide them with the necessary marketing support
- To initiate an adult literacy programme and to operate and coordinate other training programmes
- To launch a programme for women to uplift their socioeconomic conditions through empowerment and development

- To spread *allo* weaving to other areas based on the market response.
- To establish an additional *allo* weaving club and sub-clubs and promote collective and smooth operations in marketing and production

In the initial stages the group had only a few members (about 30 from the two VDCs of Bala and Mangtewa) but grew to 272 weavers in four VDCs by 1998. After a few years' experience in selling the products, it was assessed that *allo* products could be a viable means of supplementary income for the people of this region, and it was decided to expand the activities of the club in a concerted manner. With assistance from the British Ambassador's special fund and an Australian grant, premises were built to house the club in 1986. A VSO volunteer was employed to help manage the club and to develop the products for the western as well as the local market. A local lady, Pramila Rai, was employed as a counterpart to the VSO volunteer and soon the club began to promote a market for the products in an organized manner.

The VSO volunteer stayed there for two years and every effort was made to promote the market. New products, such as place mats and knitting and crochet shawls, were developed by mixing wool with *allo*. Production increased and larger orders started coming from various outlets and traders in Kathmandu. Within a couple of years, *allo* products became popular in the tourist market. With the increased demand the club was able to increase the number of producers. Training was organized for more women from the two VDCs.

It was around this time that the Makalu Barun National Park Conservation Project



Allo Weaving

(MBNPCP) was launched. The project adopted the club for their income generating and savings' programme. MBNPCP provided a revolving fund to the club together with the salary for one support staff member to manage the club. Efforts were also made to explore the western, mainly US, market. MCNPCP employed a consultant for this purpose. These efforts could not be pursued as the MBNPCP discontinued its support to the club. Currently the club is heading towards self-sufficiency, but still its long-term sustainability is in doubt. It still lacks managerial competence. The club recently opened its own outlet in Tumlingtar, which is the gateway to the district. MBNPCP re-extended its term support to pay the rent for the room and the salary of the shopkeeper. The viability and effectiveness of the outlet are yet to be seen.

After the adoption of the club by MBNPCP, considering the dispersed and distant location of producers, sub-clubs were created. These sub-clubs were given the responsibility for production activities, while the main club concentrated on marketing. There are at present eleven independent sub-clubs (see Figure 4.1).

There are 11 sub-clubs that take orders independently, but most orders are received through the main club in Sisuwa where an executive committee oversees all functions. The executive committee is comprised of seven producer members, including a manager and one representative from the sub-clubs.

The manager of the club is responsible for receiving orders, distribution of orders to sub-clubs, collection of finished goods, delivery of goods to marketing organizations, and management of the club in general. She is supported by the chairperson and vice-chairperson.

There is no formal agreement between the sub-clubs and the club about selling exclusively through the latter. It is found that sub-club producers have also sold directly to other traders. Sub-club leaders and executive committees meet every month.

4.4.2 Distribution and Marketing

Initially, different, traditional *allo* products were introduced through various retail outlets in Kathmandu, as well as through exhibitions. These activities were organized

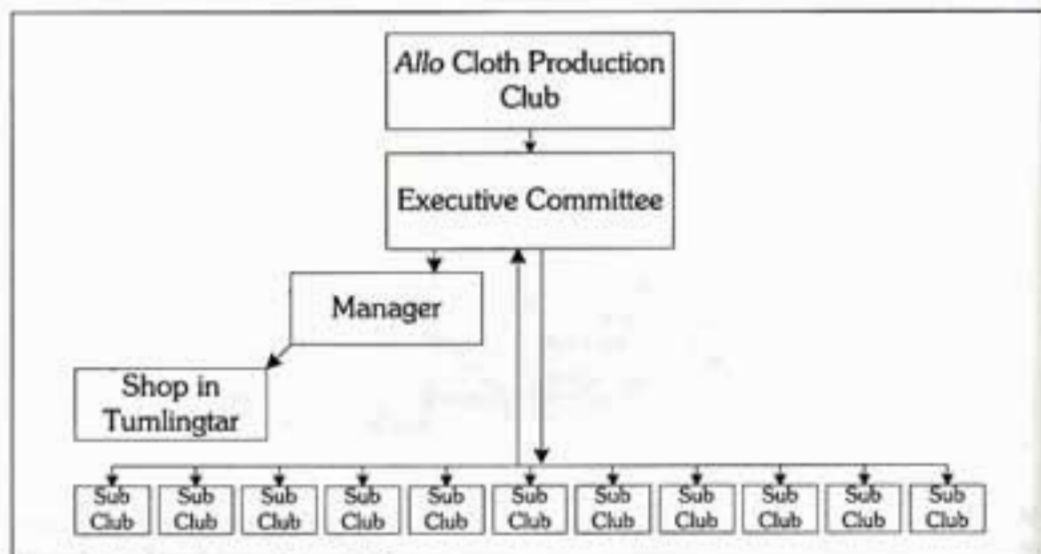


Figure 4.1: Structure of the Club

by the Club with the help of various supporting organizations, Mahaguthi being the first among them.

After a market has been established, the club receives orders and decides about the distribution of the orders to various sub-clubs and other non-member weavers. Orders are distributed depending upon the skill and capability of the weavers in making particular products. Sub-clubs are divided by the types of products their members make. Weavers have to manage the purchase of *allo* yarn themselves, but wool and other necessary materials brought from Kathmandu are provided through the club. Individual weavers produce as per order in their own homes and deliver the products to the club. Producers receive the payment after the delivery of the goods in Kathmandu. The payment is delayed sometimes for a month or two. Producers are paid at the rate prescribed for each product by the club. This includes their wages and profit margin. The Club adds 10 per cent profit margin

and an additional delivery cost of eight per cent to the producers' price to arrive at the sale price for outlets in Kathmandu. Fair Trade Group members, such as *Mahaguthi* and *Sana Hastakala*, are the main marketing outlets for the products of the club in Kathmandu.

The sales of the club during the past three years have been given in the Table 4.1.

4.4.3 Impact of *Allo* Production on the People

The club has been able to provide supplementary income through production of *allo* cloth to its members and non-members for the last 10 years where no other alternative means for cash income existed for women. Prior to the existence of the club, *allo* production used to be carried out in a haphazard way by a limited number of people who sold the item locally at very low prices. Since the introduction of modified products, a number of women have been trained in weaving

Table 4.1: Sales

Names of the Buyers	1998 (54/55)	1997 (53/54)	1996 (52/53)
1. Mahaguthi (FTG member)	162,935	192,163	209,280
2. Sana Hastakala (FTG member)	341,591	110,446	31,962
3. Ama Impex	31,337	-	-
4. Ang Diku Sherpa	8,870	109,175	-
5. Women Craft	28,213	18,338	32,178
6. Susan	-	192,141	-
7. Wean Coop	-	35,604	35,818
8. Him Chuli	-	25,090	-
9. Others	8,407	86,883	97,140
Total	581,353	769,840	406,378

and knitting. The average regular income has increased to Rs 1,000-1,500 per month. The production and selling of *allo* cloth have enabled them to reduce their indebtedness, as they no longer are forced to borrow money for their household needs. The accumulation of a few grams of gold, a plot of land, and some savings by each woman member, as a result of their income from *allo* products, has brought a change to their lives (see the Case of Dhansiri Rai, Box 4.3).

As a result of the operations of the *Allo* Club, women have become aware of their role in society as decision-makers and have begun to become involved in other activities, such as literacy, savings, and credit, and also in collective decision-making for the welfare of their society. Since the number of livestock is still regarded as a symbol of wealth, many women have bought goats, buffaloes, and poultry with the income from *allo* production, thus providing them with an additional source of income in kind and cash.

Despite geographical constraints, women have understood the strength of the affini-

ty and solidarity within their ranks. The impact has been positive, not only among the members of the sub-clubs, but also among non-members by example and inspiration (see the Case of Nisan Rai, Box 4.4).

4.4.4 Constraints

A big problem faced by *allo* producers and the *allo* club in Sankhuwasabha is that of transport out of the production areas. Because of the remoteness and complex geographical situation, the only feasible means of transport is by air, and this is not only costly, but also uncertain. There is no guarantee of delivery of goods on time, because the Royal Nepal Airlines' cargo services are not reliable. Often it is very hard to book the cargo. Even passengers have to often wait in the queue for about 20-30 days to obtain an air ticket; one can imagine then the hardship involved in booking cargo. On the raw material front, absence of formal linkages between yarn producers and weavers and the club makes the supply of yarn uncertain. Due to the seasonality of *allo* production, prior estimates of demand for yarn and its storage



Allo Yarn Making: Pramila Rai explains to a worker at *Allo* Club, Sisuwa

to meet the rise in demand are difficult. The club has no resources to buy and store the yarn. In fact, the club is finding it increasingly difficult to meet its operating expenses with the 10 per cent margin it receives from sales.

Box 4.3 : Gains from *Allo* Club Membership : The Case of Mrs Dhansiri Rai

Mrs Dhansiri Rai, 22, married, with one child, is living in Dankila Village, Sankhuwasabha, with her parent's family of seven members. Her husband's family is not yet regarded as her own family, as, customarily, she would go to her husband's house only after some years. Dhansiri Rai had attended literacy classes but hardly learned to read and write, she could only sign her name. Before Dhansiri took training in weaving *allo* cloth, her mother used to make traditional design bags and fish nets which were sold at the local *haat* bazaar in Dingla. At that time, income from such activities was not regular, but merely provided some cash to buy certain household goods such as kerosene, salt, and clothing.

Dhansiri was informed by the club about the training programme and was attracted to receive training to equip her with a skill that could provide her with some income. At present, her mother is no longer capable of weaving, but helps her to make yarn which is collected from the jungle by male members of the family. Dhansiri's husband also farms but sometimes goes to India to earn cash. Dhansiri has sent her son to school, meeting the expenses out of her own income from *allo* production.

Dhansiri sells approximately Rs 4,000 worth of goods per year, 50 per cent of which she spends on purchasing yarn. In 1997, however, her sales reached Rs 10,000. She said since she started selling to the club she is getting good returns and does not have to spend much time selling at the local *haat* bazaar where she gets far less than the prices paid by the club.

Dhansiri has become a trainer and has earned a few thousand rupees by training others. Now Dhansiri has become the group leader of a 12-women sub-committee. The group has managed to make some collective savings, which are loaned back to the members at reasonable interest for productive work. Dhansiri herself has savings of Rs. 6,000, which she has invested at interest. She managed to buy one *tola* (11.66gm) of gold after her wedding.



Allo Club and Centre, Sisuwa

Box 4.4 : The Spread Effect of the Club: Case of a Non-Member *Allo* Weaver

Nisan Rai, aged 35, female, is living just a few metres away from the club at Sisuwa. She is a widow with four children and supports her family through agriculture, a small tea and commodities' shop, and *allo* weaving. She is not a member of the *allo* weaving club, but since she lived very near the *allo* club she was tempted to learn the skill. She learned how to weave and knit from the centre and has been weaving for the last six to seven years. She sells *allo* cloth sometimes to the club but mostly to local visitors. She is producing goods worth from Rs 6,000 to 7,000 per year. She said she was compelled to learn the skill after her husband's death in order to support herself and her four children. She has taken a loan of Rs 20,000 from the Agricultural Development Bank to run a shop and for *allo* production.

There are several non-member, independent *allo* producers in this area with which the club has informal relationships [Nisan Rai does not want to join the club because she does not intend to weave *allo* regularly, but rather intends to engage in weaving to earn supplementary income]. The *allo* club also gains by maintaining relationships with them because, when demand increases and members are not able to fulfill orders on time, it can get supplies from non-members.

Looked at from the perspective of producers and sub-clubs, they do not appear satisfied with the functioning and services of the club and are often resorting to direct sales. The sub-clubs find the club procedure of delivery and collection of payment lengthy and cumbersome, and they therefore prefer to sell directly to other traders. For this reason, they are constantly on the look out for new market areas. This may be against the original collective marketing concept of the club

and, in fact, may lead to sharp competition among the sub-clubs. The situation in some cases has become serious due to the delays in payment, uncontrolled transactions of an increasing number of weavers, and internal conflict among the support staff of the club. The club monitor has not been able to visit the sub-club to oversee the filling of orders and to give guidance to weavers, and this has resulted in deterioration in the quality of products. Rejection rates have increased, putting

both the producer and the club in jeopardy. As a result of all these problems, the 11 sub-clubs, which were created to streamline the distribution and production process, are likely to split from the main centre. The formation of sub-clubs has become counter productive and compounded the problems of the club. There is a danger that these clubs will be competing in the same market and that will weaken the existing relationship of the club with producers and the marketing support organization. It would be in the interests of both the producers and marketing organizations if the latter, most of which are members of FTG and are buying about 80 per cent of the products from the area, intervene to remove the dissonance between the sub-clubs and the club.

4.5 Himalayan Leather Handicrafts (HLH)

4.5.1 Background

Himalayan Leather Handicrafts' enterprise (HLH) was established as one of the programmes of the Nepal Leprosy Trust to provide income-generating opportunities for the lepers who had been cured by the Leprosy Trust's care programme. It was established in the mid-1970s and soon became an income earning wing of the Trust. The unit was started on a small scale, and now it has 27 workers producing various leather goods, most of which are exported. HLH also coordinates the sale of batik and other fabric items produced by others. Some of them were trained by the Nepal Leprosy Trust itself and others are independent producers. HLH has recently applied for FTG membership.

4.5.2 Structure and Mode of Operation

Mr. Kamal Shrestha, who has worked with the Trust for 14 years, is now the managing director and oversees the production workshop and other sections of the Leprosy Trust. There is one expatriate staff member who looks after overall operations. Most of the producers have been rehabilitated by the centre and are staying at the cottages built by the trust near its factory. The producers attend work daily. The HLH supplies all raw materials and the producers are paid a monthly salary of Rs 1,500 to 2,500 per month.

4.5.3 Marketing Strategy and Constraints

Prior to establishing their own retail outlet in Man Bhawan, an area of Lalitpur in the sub-district of Jawalakhel in the Kathmandu Valley, HLH had marketed its products through *Mahaguthi*. In addition retailing through its own workshop and export to some ATOs made up most of their sales. HLH does involve ethical factors together with the products in selling these products abroad. The price of the products is less competitive because of the low productivity and high cost, as most of the lepers have lost fingers or are somehow handicapped. As a result, the production process is slow. The ethical concept of emotional appeal to buyers to make them feel that they are helping the disabled and the disadvantaged in buying HLH products alone can help them to market their products. With this approach, only the ATOs and not mainstream commercial traders can provide them with an avenue to the main markets.

4.6 Angora Wool Producer (ILAM)

The brief interview carried out with a few angora wool producers and a producers' group (*Mahila Jagaran Samuh* of Ilam) during our study visit revealed that there are certain aspects relating to marketing needs that should be first considered before giving training and introducing micro-enterprises in a new product line. The development of angora wool farming and production of angora wool products started after the publication of a research report from Pakhribas Agricultural Research Centre in Dhankuta eight years ago. The report indicated that Nepal's environment is conducive to successful breeding of the angora rabbit. This information soon spread to various adjoining villages in Dhankuta district and many farmers were attracted to angora rabbit breeding.

The Pakhribas Research Centre made the baby angora rabbits available at subsidised prices. However, within a short period of time, the price of baby angoras and wool skyrocketed from Rs 70 to 700 for a baby rabbit and from Rs 800 to 4,000 per kg of wool. This was the result of an unrealistic perception of high prospects for business, created by an artificially propped up market.

To begin with, farmers sold the wool in the market profitably. Entrepreneurs, and often farmers themselves, engaged in producing knitwear—mainly sweaters, gloves, shawls, and caps. When these products came to the market, serious technical problems were noted, and these were mainly due to spinning defects. Some years were spent experimenting on ways to tackle the problem of yarn falling from finished products, but without suc-

cess. Soon there was a stockpile of finished products. The farmers were, as a result, not able to sell their wool. Farmers who invested without having full knowledge of the technical and market-related details became discouraged. To date, efforts made by various entrepreneurs, NGOs, and cooperatives to overcome the problems have not been solved completely. In addition, imported raw yarn has started coming in and people are losing opportunities for value-adding. Farmers are suffering from the loss of work and income. The price of angora wool has now come down to approximately Rs 1,000/kg. Some organizations have been making efforts to upgrade the spinning process by blending angora wool with other wools such as *pashmina* and sheep's wool. The Chautara Women's Cooperative Group has claimed some success in blending angora with other wools and from their efforts to cross breed the rabbits to produce coloured yarn.

4.7. Women's Development Centre, Ilam, and Silk Farming Producers of Ilam

In an effort to alleviate the poverty of the rural people of Ilam district by introducing new income-generating activities, the Women's Development Centre (an NGO) launched a sericultural development programme in four VDCs, with technical and financial support from the Lutheran World Service, in 1984. The project emphasises collective efforts in the production and marketing of cocoons for silk yarn production.

Since Nepal has no tradition in producing silk, the pilot project was initiated in 1984 to establish sericulture as a viable agro-



Cocoon Production: Women's Development Centre, Ilam

based industry for the economic and social development of rural women. Throughout the project period to date, much has been achieved in the institutionalisation of sericulture. However, marketing problems persist because of the lack of proper technologies and an insufficient volume of production.

A recent study of their set up has identified some of the major marketing hurdles: and these call for increasing the volume of production and improvement in the processing of yarn. Besides sericultural activities, the centre runs non-formal education, child literacy, women's savings, leadership training, and reproductive health programmes.

4.7.1 Sericulture in Ilam

According to the Silk Association of Nepal (SAN), an experiment with and execution of cocoon production that took place in Ilam and Bharatpur districts of Nepal in 1984 demonstrated that the silk industry has a lot of potential and is suitable for Nepal. Nepal has an economy based on agriculture and silk production which is labour intensive, does not require a high level of investment, yet provides good profit margins and is also

a way of earning foreign currency. The experiment indicated that one hectare of irrigated mulberry (plant) provides year-round employment for 13 persons in such activities as mulberry cultivation, silkworm rearing, reeling, and weaving.

4.7.2 Marketing

Under the Women's Development Project, nine independent groups of cocoon farmers have been formed in Ilam district. Cocoons are purchased by the government-owned project at Khopasi, Kabhre district, where yarn is reeled and sold by auction. The Women's Development Project liaises and provides back-up support to the farmers through training, giving information, and providing subsidies in the form of free egg distribution. It was learned that, due to the lack of twisting machines in Nepal, the yarn is taken to India by commercial traders and then brought back to Nepal after being processed and made into yarn of the necessary count.

4.7.3 Constraints

At present, cocoon production activity seems to take place mainly on the basis of

subsidies from the government. Its commercial viability and sustainability appear in doubt. Some private entrepreneurs have, in the meantime, entered the market to purchase cocoons, paying slightly higher rates than the government. Nevertheless, due to insufficient production, they stopped operating and now farmers have to go back to the government. But the government continues to pay lower prices than private industry. The SAN is at present subsidising the differences in price at the rate of Rs 15 per kg to farmers on their sales.

Value-adding opportunities are not being exploited as twisting machines need substantial investment and no private party is willing to invest such an amount. Nor is the government coming forward to procure such machines. In any case, the volume of cocoon production at the moment may not be large enough to feed a twisting machine. Twisting and yarn processing technologies are absent not only in this sector but also in all natural fibre production sectors. Once the prototype technology is developed, substantial job opportunities could be creating and giving a needed boost to the rural economy.

4.8 Bhaktapur Wood Carvers' Cooperative Society Ltd.

4.8.1 Background

Bhaktapur Wood Carvers' Cooperative Society, established in 1975, with 50 shareholders, is regarded as one of the pioneers of the wood-carving industry in the organized sector. Its objectives are to establish a market for wood carving, to preserve high quality, to raise employment opportunities for craftsmen and women, to develop

suitable products by incorporating artistic wood-carving motifs and designs from temples and monuments, to promote marketing efforts through a collective marketing strategy using the cooperative concept, and to produce quality wood carvings at fair prices.

It received initial technical support from the Bhaktapur Development Project (a German Aid Project). In addition to production of wooden decorative and utility items, the Society has been providing services to several local institutions working for the preservation of cultural heritage. The society has a share capital of Rs 200,000. The single largest shareholder is *Sajha Pasa Sewa* (Cooperative Marketing Society); and it is holding about 25 per cent of the shares. The remaining shares have been purchased by individual members, and they are mostly traditional wood carvers.

Goods were mostly produced in the society's workshop. There were six administrative staff in the beginning, but now they have been reduced to two. The sales' proceeds in 1996/97 were about Rs 300,000. The sales had declined in comparison to the previous year. The Society has been incurring continuous losses every year since 1989/90.

In the beginning, the society had a workshop at Dattatreya square in Bhaktapur district, where about 50 wood carvers used to work, and it had two sales' outlets in Dattatreya and Durbar squares. The workshop has been closed, since most of the producers have established their own workshops and shops and left the cooperative. The cooperative failed to train new people and retain the old ones. A few producers working in their

own houses have been supplying goods to the only remaining store in Durbar Square, as the other in Durbar Square has been closed.

4.8.2 Problem of Organizational Failure

The Society was able to establish a market for wood carving initially, but failed to maintain the tempo and producers began to open their own workshops and shops and left the co-operative. Most of the skilful woodcarvers were employed on a salary basis by the society but, at the same time, wood carvers were also given the opportunity to produce at home, and their products were purchased by the society on a piece rate basis. This system resulted in excess production and wood carvers were tempted to pay more attention to production at home rather than to production at the society's workshop. In addition, all wood carvers started to train other family members and their home production exceeded that of the Society's workshop. The Society failed to increase markets correspondingly to respond to the excess supply and had to stop purchasing. This created uncertainty, and most of the good wood carvers/ shareholders started to sell on their own. Concomitantly, the Society faced several other problems with regard to product range and quality and the inability to make payments promptly to the suppliers and employees. The consequent losses forced it to curtail its production and staff.

At present, the society is running on a small scale with two staff and one outlet. It faces the imminent risk of closure. A recent general meeting formed a committee to prevent its collapse.

4.9 Wean Cooperative

4.9.1 Background

Wean Cooperative was established in 1993 with the aim of bringing housewives and a large force of literate, unemployed women into the mainstream of economic activities through training, marketing, and entrepreneurship development. It was established as an affiliated marketing organization by the Women Entrepreneurs' Association of Nepal (WEAN). WEAN conducts training programmes in various aspects of business such as marketing, entrepreneurship, credit, accounting, and technical skills. The focus of the organization is on institutional development of the cooperative to enable it to serve its members and other interested women producers in a professional manner.

4.9.2 Structure and Mode of Operation

Only women shareholders can sell their goods through the cooperative. Each entrepreneur must buy minimum shares of Rs 1,000 and pay Rs 1,000 per annum as a membership fee. Goods are kept on a consignment basis, and payment is made to producers only after sales. The WEAN Cooperative carries out retail sales from its own showroom in Kopundol and from one outlet at the National Zoo in Lalitpur. WEAN sells goods wholesale to most departmental stores. The cooperative has begun exporting to Europe and the USA.

There is an elected working committee which formulates policy. A general manager is responsible for running the cooperative's programme. Besides marketing, the cooperative also provides other serv-

ices such as counselling to entrepreneurs costing, pricing, quality control and technical aspects, and skill development training. It provides loans to women through WEAN's affiliation with Women's World Banking, New York. The cooperative is currently marketing food products (pickles, honey, and lentils) and handicraft products such as knitwear, crochet items, paper products, paper mats, kitchen linen, bedroom accessories, cane products, and wooden items.

4.9.2 Marketing Strategy

The product composition of the WEAN Coop depends upon production and supply from its members. Currently, 60 per cent of its sales are in food products and 40 per cent in handicrafts. Agro-products are targetted mainly at local markets, while craft products are directed to both local and export markets. The Cooperative retails products through their own show room, which stocks a wide selection of products in a spacious display area.

In an attempt to increase its share of the pickle market nationally, WEAN has begun to sell pickles wholesale to major departmental stores. WEAN hopes to displace Indian imports in similar product ranges within the next three years by offering competitive prices, quality, and better service. To accomplish this, WEAN strives to make its agro-products distinctive from those of other competitors, for example, by using glass lids and bottles (food grade) for pickles to protect them from reactions to synthetic packaging materials. WEAN also avoids using preservative substances in all its food products. In order to ensure quality, new members are placed on probation for six

months and, during this period, their products are tested for the market.

4.9.3 Lessons and Problems

The WEAN Cooperative has been successful for the most part in its endeavour to market the products of its members. Even for export, conditions, such as those of the government requiring advance payment, have not been a constraint. Their experience in wholesale marketing has also been satisfactory, as it has enabled them to provide products in bulk to stores, thus enabling WEAN to accommodate all the products of its members at the same time, consequently maintaining stable relations with them. The WEAN Cooperative has also been flexible in regard to the question of producers' loyalty and priority so far, as they also allow producers to sell wherever they want.

WEAN, however, feels that their collective efforts are needed in order to acquire information about international markets. Joint efforts are perceived as crucial for exploration of technologies to develop and improve products; for example, *allo* and hemp processing techniques.

4.10 Women's Skill Development Centre

The Women's Skill Development Centre was established in 1973 under the then Nepal Women's Organization: at that time it was known as the Nepal Women's Skill Development Project. Its main objective was to train destitute, physically handicapped, and economically backward women in various crafts. The Centre has undergone many changes in its organizational structure. Established as a skill-training centre, it started

a production unit in 1975. In 1982, a fully fledged workshop was added with financial support from national and international agencies. With the dissolution of the Nepal Women's Organization following the establishment of a multi-party system in 1991, the status of the Centre was unsettled until 1995 when the government decided to run the project under the Development Committee Act. Now the Centre is placed within the Ministry of Women and Social Development. HMG/Nepal has formed a board under the chairmanship of the ministry to look after the Centre.

The objectives of the Centre are given below.

- To introduce income generation programmes for handicapped and poor Nepalese women by providing skill development training and employment opportunities in various crafts
- To produce and market goods to suit the needs of both local and international markets
- To create awareness about the traditional and cultural heritage of Nepal in foreign markets through the goods produced by the Centre
- To create linkages between producers and buyers

The Centre produces block-printed household items such as duvet covers, cushion covers, tablecloths, bed sheets, kitchen sets, and ready to wear garments. Dolls and Nepalese paper items are its secondary products.

4.10.1 Marketing and Sales

The Centre at present employs 66 staff and producers in its workshop and three sales'

outlets. It sells its products wholesale to local NGOs and commercial buyers. Its retail sales are carried out from three sales' outlets (at the centre [Kathmandu], in Kopundole, and in Bhaktapur), and it exports to some ATOs and commercial buyers. The principal buyers are *Sana Hastakala* in the domestic market and ATOs such as CAA of Australia, Alternative Handle of Sweden, Temperion Kehity of Finland, and commercial buyers from the USA. The export market of the Centre is at present confined to three or four ATOs, whereas it once used to export to more than 10 ATOs. The main reason is instability and inefficient management and frequent changes in its Executive Directors. These problems are reflected in the changes in the sales' volume of the centre during the last five years. The highest sales were in 1992/93, and these amounted to Rs 4.80 million. In the following years, the sales decreased rapidly. Sales did improve during 1997/98. The comparative sales' figures over the last six years are given in Table 4.2.

There is a substantial increase in domestic sales from the year 1996/97 onwards because of an increase in sales from the Centre's outlets in Bhaktapur and Kopundole. The export sales have also increased slightly, but they have not reached the level attained in the year 1992/93.

The Centre has one marketing officer who is responsible for overall marketing. However, it does not maintain profiles of its buyers. Market research is not carried out. Though the WSDC is a pioneer in block-printed products in Nepal, and it has its own designer and a foreign volunteer designer, the Centre has little design development. Many staff and workers who used to work in the Centre have started their own businesses in block-printed

(in million Rs)

Table 4.2: WSD Sales from 1992/93 to 1997/98

Year	Local Sales	Export Sales	Total Sales
1992/93	2.12	2.68	4.80
1993/94	2.29	0.78	3.07
1994/95	1.39	0.69	2.08
1995/96	1.64	0.25	1.89
1996/97	2.26	0.10	2.36
1997/98	2.30	0.90	3.20

products. They are also producing the same designs as those of the WSDC. Although the products of private companies are slightly cheaper, the management of WSDC considers their quality to be inferior to that of WSDC products.

WSDC is a member of the International Federation of Alternative Trading (IFAT). In addition, it did belong to the Fair Trade Group Nepal in the beginning when FTG Nepal was functioning as an informal body. One of the FTG training courses on dyeing was held at the premises of WSDC. When FTG Nepal was formally registered, WSDC had to be excluded because of its legal status as a government body. The constitution of FTG Nepal specifies that only those craft-based organizations having NGO status can become members. Being a government body, the Centre has to follow HMG rules and regulations and has not been able to develop an innovative marketing strategy. Incentives for producers and sales' staff are not given by the government.

4.11 Bhaktapur Craft Printers

Production of paper from *lokta* bark for greeting cards and other items began in 1981 as a strategy for community development. It has since been developed and

expanded by His Majesty's Government of Nepal, in collaboration with UNICEF, as a project under the name of Bhaktapur Craft Printers (BCP). At present the BCP programme covers the districts of Baglung, Parbat, Myagdi, Lamjung, and Gorkha in the mid-western region and Bhaktapur in the central region.

BCP has been working in collaboration with the Small Farmers' Development Programme/Agricultural Development Bank, Department of Forests, and Department of Cottage and Small Industries. BCP invests a substantial percentage of its profits into community development activities in the areas of water supply, sanitation, and school support.

4.11.1 Lokta Management

The bark from *Daphne cannabina* and *Daphne papyracea*, locally known as *lokta*, provides the fibre from which paper is made. Nepalese *lokta* paper is prized for its strength and durability. Due to the high length to width ratio of *lokta* fibre, the paper has a high tearing strength. In addition, paper made from *lokta* withstands attacks from insects, temperature extremes, and dampness. In Nepal and Tibet, hand-made paper was traditionally used to prepare manuscripts, land registration documents,

and loan and other legal documents: and for all of these durability is a basic requirement.

Since *lokta* is the basic raw material for producing hand-made paper, a sustainable supply is essential. However, by 1984 the harvesting of *lokta* for the project had led to its reduced availability within reasonable distances from Village Development Committees. As a solution, a management programme was initiated in 1985. This programme divided *lokta* resources into blocks assigned to groups of VDCs in the districts concerned and established a four-year block harvest quota for the period from 1985 to 1988. Within each block, a rotating harvest regime was introduced in which each VDC would be permitted to harvest a specified amount of *lokta* once during the four-year period. In 1986, further protective measures were introduced following a more comprehensive inventory of *lokta* resources. The original four-year rotation cycle was changed to a cycle of six and then eight years; the time it takes for new shoots to be mature enough to harvest.

The Department of Forests has developed a measuring device that shows whether or

not the *lokta* stems are ready for harvesting (6-7 cm in diameter or more than one metre in height) and has supplied it to *lokta* harvesters. The correct way to harvest *lokta* is to cut the slender stems at ground level without destroying the main root, so that new main shoots can grow and mature for another harvest.

4.11.2 Safeguarding the Environment

A part of the paper-making process is to boil the *Daphne* bark with wood ash. Since fuelwood is needed for this process, the project has introduced two improved techniques to reduce wood consumption. The first is the use of caustic soda in the process. This reduces the quantity of wood ash required and speeds the breakdown of *lokta* fibre. The second improvement is the introduction of more efficient stoves. These stoves reduce fuelwood consumption by 10 to 25 per cent.

In addition to these improvements, nurseries and plantations have been established in the project areas. Workshops on Nepali hand-made paper, community development, and *lokta* management are fre-



Production of Nepali Paper

quently held in Baglung. In these workshops, the issues of environmental awareness are discussed with the local participants. The workshops stress that farmers should use only dry wood and branches to prepare *lokta* fibre. These workshops also advise that caustic soda effluents not be discharged directly into rivers and nearby water sources.

In the high hills, the Department of Forests works with *lokta* gatherers to conserve the supplies of *lokta* shrubs. In the valleys, forest rangers help the paper-makers protect forests and establish nurseries to supply species suitable for fuelwood.

4.11.3 Organizational Development of BCP

The unique strategy of BCP for sustainable community development begins in the high forests of central Nepal. In spring and autumn, upland villagers collect and dry the inner bark of *lokta*. With loans from the Agricultural Development Bank, paper-makers purchase the bark and transport it to the sunny lower valleys. Using traditional paper-making methods, they transform the bark into sheets of attractively textured paper.

The paper is purchased by BCP and transported to the plant in Bhaktapur where 170 employees design, dye, print, and make greeting cards, stationery, and other colourful items.

The vision for the greeting card project arose in 1980 when UNICEF began to encourage the production of UNICEF greeting cards in developing countries. Community development workers quickly recognised that Nepal possesses the natural

and human resources for greeting card production. In coordination with His Majesty's Government of Nepal, UNICEF established the 'Community Development through Paper Production and Greeting Card Project' in 1982.

One of the basic objectives of BCP is to improve the living standards of low-income families. The project initially motivated about 15 families (paper-makers) in Tarakhola, Baglung, to form a group in 1981/82. It provided Rs 50,000 as an advance to buy *lokta*. The ability to purchase paper was guaranteed for the paper-makers. The project started from 15 families now has grown to involve 1,000 families engaged part time in making paper and *lokta* cutting. Prior to involvement in paper-making many farmers were unemployed for part of the year. Today paper-making has become one of the main sources of income for farming families. In order to safeguard their interests, manage the forests, and establish better relations with BCP, farmers have formed an independent paper-makers' association and one member from this association represents them in the community development trust of the BCP.

BCP is also providing full-time employment for more than 170 persons, a large increase since its inception 16 years ago. The full-time workers include staff from the BCP central office in Bhaktapur, from the showroom in Kopundole, from the child-care centre in Bhaktapur, and from the field office in Baglung.

4.11.4 Marketing

BCP has been mostly dependent on UNICEF's marketing operations for the

majority of its sales. UNICEF buys more than 70 per cent of its total output. (See the Table 4.3). Although it is trying to diversify its sales, no substantial achievements have been made in this respect. To develop its domestic market, *Sana Hastakala* was established in 1989 as a retail outlet for BCP and two other organizations. A new showroom-cum- contact office was opened in Kopundole in 1994.

From 1989 to 1995 there was a big hike in the sales of BCP. And this reached a peak in 1995. A big purchase from UNICEF accounted for the increase in total sales that year. UNICEF reduced its orders from 1996. There was, as a result, a big setback to sales and they plummeted by 25 per cent. The situation became worse in 1997 when the total sales decreased by more than 50 per cent compared to 1995, and the project suffered a loss for the first time in nine years. (The situation is likely to be even worse in later years. This is because UNICEF already has a large stock of cards and will be compelled to decrease its orders.)

4.12 Village Leather Training Centre

An example of the efforts of collective marketing on the part of grass roots'

producers can be seen from the experience of producers from the Village Leather Training Centre (VLTC). The VLTC has been acting as a facilitator and skill trainer and imparting training on production of leather goods for rural people; mainly for the *sarki* community of traditional cobblers. The emphasis is on skill development as a means of directly increasing the economic condition and self-esteem of the community by providing training and facilitating support for marketing products. These products have been marketed by some of the FTG Nepal members for quite some time. The VLTA was registered as a non-government organization in 1995. As a result of the felt needs of the producers and the findings of a survey on the possibility of arresting the decline in traditional leather work in the village by trainers from Lalitpur Technical School.

4.12.1 The *Sarki* and Traditional Leather Work

The *sarki* community is one of the most backward and disadvantaged ethnic communities in Nepal. In the past, they collected raw hide and made goods out of tanned leather. These goods included shoes, bags, belts, rugs, horse saddles, knife cases, and head straps and ropes.

(in Rs)

Table 4.3: Sales of BCP from 1989 to 1997

Year	UNICEF	Others	Local	Total
1989	6,306,247	913,961	1,656,339	8,876,547
1990	5,486,462	1,597,164	2,904,757	9,988,383
1991	9,776,358	1,384,983	4,592,673	15,754,014
1992	16,617,536	3,789,705	7,039,228	27,446,469
1993	25,344,160	2,724,258	6,213,250	34,281,668
1994	25,146,581	2,502,846	7,011,211	34,660,638
1995	41,478,004	1,369,803	5,482,184	48,329,991
1996	28,596,481	2,998,439	5,256,649	36,851,569
1997	17,198,440	1,046,109	3,888,442	22,132,991

Until about two decades ago, the *sarki* community of the Kathmandu Valley used to make traditional shoes. However, after the establishment of Bansbari Leather and Shoe Factory and other private sector shoe factories, these skills were rapidly relinquished. In contrast, the *sarki* communities outside the Kathmandu Valley have, in general, maintained their traditional skills a little longer than communities in the valley. In the villages, they tan leather by using different local herbs. The rationale behind the formation of VLTC was to help the *Sarki* (cobbler) community because it had been victimised and marginalised by the Nepali caste system.

On the initiative of Action Aid Nepal, an INGO working in the remote hilly areas of Nepal, a group of staff from VLTC and Action Aid Nepal visited several rural areas in Sindhupalchowk, Nuwakot, and other districts in 1990. They discovered that the skills of traditional cordwainers still existed in some areas, and that they could form an excellent base for income generation if proper training in resource use and marketing could be imparted to those traditionally engaged in making leather products.

4.12.2 Marketing and Training

In the beginning, a handful of cobblers from two villages received training. The purpose was to diversify and produce for the tourist market. A natural look, rustic texture, and slight improvement in stitching and finishing, it was thought, could re-

sult in products suitable for the Kathmandu tourist market. VLTC first approached ACP for help with marketing. The newly developed products were briefcases, backpacks, pencil cases, belts, shoulder bags, purses, and wallets. Goods were kept in a retail outlet and soon the demand increased. This led to extension of the training programme to other areas where there were concentrations of the *sarki* community.

In each village a group of producers was formed after they had received training. A group leader was selected in each group and he/she was given further training on marketing and management. He/she was made responsible for orders, receipts, production coordination, and delivery of goods to retailers in Kathmandu. A total of 15 groups (with a total of 175 members) has been established to produce and market the goods. Goods are sold mainly to the ACP, General Trade, and Saddle Traders.

Sales from VLTC to ACP members over the past years have been as follows.

	Per Annum
1994	Rs 600,000
1995	Rs 800,000
1996	Rs 800,000
1997	Rs 10,00,000

There appears to be no problem in marketing at the moment, since all of the products are purchased by the three organizations mentioned above.