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## **Training Programmes for Development of Micro-enterprises in the Cottage and Small Sector in Nepal**

**M. M. Gurung**

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M. M. Gurung was Director General, Department of Cottage and Small Industries, and is currently Deputy Director, Department of Industries, HMG, Nepal.

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# Preface

Development experiences in most of the mountain areas of the Hindu Kush-Himalayan Region, over the past decades, have shown that the prevailing predominant mode of their economies – subsistence agriculture – is becoming increasingly unsustainable both economically and ecologically. Diversification of economic activities into products and services, for which these areas offer a comparative advantage, through enterprise-based production for the market is considered necessary for sustaining livelihoods and alleviating the poverty of the rapidly increasing population. It is in this context that ICIMOD established a programme on 'Development of Micro-enterprises in Mountain Areas' with the objectives of identifying constraints and opportunities and developing policy, programme, and training guidelines for enterprise development in hill and mountain areas of the HKH region. As part of this programme, the Centre has commissioned a number of studies in different countries and areas of the HKH region with a view to documenting experiences of development and functioning of enterprises covering different aspects such as comparative advantages of products, processes, and factors in enterprise development, technology, credit, marketing, and development of entrepreneurial skills as well policies and programmes by government and non-government agencies for promotion of enterprises.

The present paper 'Training Programmes for Development of Micro-enterprises in the Cottage and Small Sector in Nepal' by M. M. Gurung is one in this series of studies. It is being published with the hope that it will be found useful by those engaged in research and development, policy-making, programme formulation, and implementation for the promotion of enterprises, as well as by the present and potential entrepreneurs in their respective activities.

T. S. Papola  
Head, Mountain Enterprises and  
Infrastructure Division

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M.M. Gurung

# Abstract

Training for entrepreneurship development has been recognised for over one and a half decades as an essential ingredient in the development of small and micro-enterprises in Nepal. Currently, several organizations are engaged in entrepreneurship development programmes, training about 1,500 persons annually. The present study examines various aspects of the training programmes carried out by different organizations and attempts an evaluation of their effectiveness, particularly on the basis of a sample survey carried out among recent trainees in Kaski and Tanahu districts. While most organizations follow a more or less similar format for the selection of trainees and contents and the delivery of training, post-training backup and support provided by these organizations vary. Overall, about 35 per cent of the trainees have set up enterprises after receiving training, the rate of course varies, depending on the organization imparting the training and the location; the success rate among women trainees is lower than that among men trainees. The present study also identifies training-related and post-training factors that lead to a relatively low success rate.

The study suggests a more specific group approach for training rather than the general one being followed by most organizations. Groups could be location-specific, i.e., mountains or plains, rural or urban, as well as product specific. It also stresses the need to coordinate the training with other inputs and services such as credit, consultancy, and marketing information. The study recommends that the various organizations should also coordinate their programmes with each other in order to maximise the benefits from the available training resources.

THESE ARE THE ABBREVIATIONS USED IN THE STUDY

IEDI Industrial Enterprises Development Institute

MLD Ministry of Local Development

NBC New Business Creation

NBL Nepal Bank Limited

NGO Non-Government Organization

PBI Planning and Business Information

PCRW Production Credit for Rural Women

RBB Rastriya Banriya Bank

SBPP Small Business Promotion Project

SBC Small Business Consultancy

SI Services to Institutions



# Acronyms/Abbreviations

<b>ADB</b>	Asian Development Bank
<b>ADB/N</b>	Agricultural Development Bank of Nepal
<b>CCS</b>	Complementary Credit Schemes
<b>CDO</b>	Chief District Officer
<b>CEFE</b>	Creation of Entrepreneurs and Formation of Enterprises
<b>CIDA</b>	Canadian International Development Agency
<b>CSI</b>	Cottage and Small Industries
<b>CSIDB</b>	Cottage and Small Industries' Development Board
<b>DDC</b>	District Development Committee
<b>DCSI</b>	Department of Cottage and Small Industries
<b>EEC</b>	European Economic Council
<b>FAO</b>	Food and Agricultural Organization
<b>FNCSI</b>	Federation of Nepal Cottage and Small Industries
<b>GDP</b>	Gross Domestic Product
<b>GTZ</b>	German Technical Cooperation
<b>HMG/N</b>	His Majesty's Government of Nepal
<b>IEDI</b>	Industrial Enterprises' Development Institute
<b>MLD</b>	Ministry of Local Development
<b>NBC</b>	New Business Creation
<b>NBL</b>	Nepal Bank Limited
<b>NGO</b>	Non-Government Organization
<b>PBI</b>	Planning and Business Information
<b>PCRW</b>	Production Credit for Rural Women
<b>RBB</b>	Rasriya Baniyya Bank
<b>SBPP</b>	Small Business Promotion Project
<b>SBC</b>	Small Business Consultancy
<b>STI</b>	Services to Institutions

**TRE** Training for Rural Employment  
**TRUGA** Training for Rural Gainful Employment Project

**UNDP** United Nations Development Programme

**WDD** Women's Development Division

**WEAN** Women Entrepreneurs' Association of Nepal



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