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Development of Micro-enterprises Ilam and Bhojpur Districts

Udaya SHARMA

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Preface

ABSTRACT

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 advantage 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 'Development of Micro-enterprises in Ilam and Bhojpur Districts' of Nepal, by Udaya Sharma, 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

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ABSTRACT

The present study, based on field-level data from the Ilam and Bhojpur districts of Eastern Nepal, attempts to assess the growth, potential, and constraints of micro-enterprises in different product lines with a view to drawing implications for development strategies, policies, and programmes to promote the development of micro-enterprises. The findings of the study suggest that the level of development in agriculture and infrastructure are two key factors in the growth of micro-enterprises in primarily agricultural and relatively inaccessible mountain areas. At the same time, non-availability of credit and marketing arrangements poses important constraints for the expansion of individual micro-enterprises operating in the region. The existing situation, support mechanisms, and institutional arrangements are found to be deficient in this respect. The study, therefore, also makes some suggestions for policy, programmes, and interventions for the promotion of micro-enterprises.

Udaya Sharma
Development Management Specialist

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Development Management Specialist

ACRONYMS

ADB/N	-	Agricultural Development Bank/Nepal
BCP	-	Bhaktapur Craft Printers
HMG/N	-	His Majesty's Government of Nepal
UNICEF	-	United Nations Children's Fund
DDC	-	District Development Committee
DFO	-	District Forest Office
CSIDC	-	Cottage and Small Industries' Development Committee
IBP	-	Intensive Banking Programme
NGO	-	Non-Government Organization
INGO	-	International Non-Government Organization
ME	-	Micro-enterprises
NRB	-	Nepal Rastra Bank
USAID	-	United States Agency for International Development
VDC	-	Village Development Committee

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