

Profile of the Study Areas

2.1 Ilam District

2.1.1 Location

Ilam is located in the eastern-most part of Nepal bordering the Darjeeling district of West Bengal, India. To the south is Jhapa district in the *Terai* and, in the north, Panchthar district. The population of Ilam is 229,214 of which 50.3 per cent are male and 49.7 per cent female. The population density is 134/km². Ilam has three geographical divisions in terms of altitude: a tropical region bordering the *Terai* in the south below 1,000 metres, a subtropical region in the middle of the district with altitudes ranging from 1,000 to 1,800 metres, and a temperate region with altitudes of 1,800 metres and above. With a geographical area of 1,703sq.km. the district is divided into 47 Village Development Committees (VDCs) and one municipality. Ilam Bazaar is the district headquarters and the only municipal town. Located at an altitude of 1,200 m, Ilam Bazaar attracts visitors from different parts of the district, as well as from the neighbouring districts and Indian border towns, for commercial and official purposes.

2.1.2 Economic Structure

Agriculture is the main activity in Ilam. Eighty-nine per cent of the working population is engaged in agriculture, while 11 per cent are involved in industrial, services, government, and private sector employment (HMG 1996). A majority of the enterprises in the industrial and services sectors are located in urban areas. Migration for employment to the *Terai* and elsewhere, in or outside Nepal, is very low because of the economic opportunities available within the district.

2.1.3 Social Characteristics

Ilam, as is true of the rest of the country, has many ethnic communities: *Brahmin(s)*, *Chettri(s)*, *Rai(s)*, *Limbu(s)*, *Newar(s)*, *Gurung(s)*, *Magar(s)*, *Tamang(s)*, *Sherpa(s)* and *Damai(s)*. The *Rai(s)* are the main ethnic group, followed by *Brahmin(s)*, *Limbu(s)*, *Chettri(s)*, *Tamang(s)* and *Gurung(s)* (HMG 1996).

2.1.4 Education

Ilam has a long tradition of literacy and has developed institutional infrastructure. A two hundred and seventy-nine primary schools, 60 lower secondary and higher secondary schools (HMG 1996), and one multiple college offering Humanities, Commerce, and Science Courses under the aegis of Tribhuvan University are established.

The overall literacy rate, for male and female together, is 53 per cent, which is higher than the national literacy rate. Sixty-five per cent of men and 39 per cent of women are literate (HMG 1996).

2.1.5 Settlement Patterns

The majority of the people live in rural areas. Ninety-two per cent of the population are rural while eight per cent are urban. Ilam Bazaar is the only municipality in the district with a population of 13,197 (HMG 1996). The other VDCs with urban characteristics with populations over



View of Ilam Bazaar from a tea garden

5,000 each are Fikkal, Pashupatinagar, Gorkhe, and Mangal Bazaar. Thirty-six VDCs have populations of less than 5,000 but more than 1,000 each.

2.1.6 Infrastructural Facilities

Ilam has a good network of roads. Forty of the 47 VDCs are approachable by road and roads linking another seven VDCs are being constructed. Ilam Bazaar is linked to Jhapa and the urban centres in India, in particular the commercial cities (e.g., Siliguri and Calcutta) by black-topped all-weather roads.

Daily bus services link Ilam Bazaar to Kathmandu. Small vehicles and buses provide seasonal services to the adjoining districts.

Ilam Bazaar receives electricity supplies from a diesel plant for five hours every evening. Gorkhe, Fikkal, Pashupatinagar, and Mangal Bazaar receive their power supplies from small diesel generators. In more than 60 villages, small peltric sets are operated by private owners to fulfill local domestic power needs. Telephone services are also available in Ilam Bazaar. There are 250 lines. In addition, 20 VDCs have access to a total of 37 lines.

2.1.7 Land Resources and Land Use

The total area of Ilam district is 1,703sq.km., or 171,730ha, of which agriculture accounts for the use of 71,032ha (41.36%) and forests 80,686ha (46.98%). Grazing land accounts for 3,994ha or 1.98 per cent and 27,660ha (9.68%) falls into other categories in Table 2.

Table 2: Land-use Patterns in Ilam District

Land-use Category	Area (ha)	Per cent
Agriculture	71,032	41.36
Forests	80,686	46.98
Grazing lands	3,994	1.98
Others	16,618	9.68
Total	171,730	100.00

Source: District Agricultural Development Office, Ilam 1996

2.1.8 Crops, Cropping Patterns and Crop Yields

The main cereal crops grown in Ilam are paddy, wheat, maize, and millet. The important commercial crops are potatoes, cardamom, vegetables, and ginger. Information on the land areas allocated to cereal crops and cash crops is presented in Table 3. As shown, cereal crops account for 81 per cent of the land use, while cash crops account for 19 per cent.

Table 3: Area under Crops and the Yield Rates in Ilam

Crops	Area (Hectare)	Per cent	Yield in MT per Hectare
Amliso	300	0.4	6.00
Paddy	17,252	24.0	1.95
Wheat	4,730	07.0	2.36
Maize	31,450	44.0	2.19
Millet	4,025	06.0	1.08
Tea	1,452	02.0	0.78
Potatoes	5,585	08.0	9.85
Ginger	950	01.0	14.68
Cardamom	2,980	04.0	1.00
Sericulture	150	0.2	0.53
Vegetable	2,158	03.4	03.3

Source: District Agricultural Development Office, Ilam 1996

In terms of area coverage, maize is the most dominant cereal crop, accounting for 44 per cent of the agricultural land use. Other important crops are paddy (24.0%), wheat (7.0%), and millet (6.0%). Commercial crops are grown extensively in Ilam. Potatoes are the most popular cash crop, occupying eight per cent of the land area, followed by large cardamoms (4.0%), vegetables (3.4%), tea (2.0%), and ginger (1.0%). Of 71,032 hectares of cultivated land, 13 per cent is irrigated land and 87 per cent is rainfed (HMG 1996). The monsoon season extends for a longer period in Ilam than the usual monsoon season from June to September.

2.1.9 Industry and Enterprises

There are a very few large-scale industries, mostly tea estates, in Ilam. Soktim Tea Estate, Ilam Tea Estate, and Kanyam Tea Estate are the prominent tea estates in Ilam. Kanyam Tea Estate is the largest in terms of area coverage, production, and employment, covering an area of 460 acres, producing 67,251 kg tea annually, and providing direct employment to 471 persons.

2.1.10 Land-based Enterprises

Ilam is popular for a variety of commercial crops. The important ones are given in the following passages.

1. **Tea** - Tea plantation in Ilam was introduced more than a century ago but was adopted as an enterprise at the household level only recently. Individual farmers – with small, medium, and large farms — are allocating more land for tea cultivation. The establishment of tea processing and packaging centres in the private sector has encouraged tea plantation.
2. **Cardamom** - The cardamom is one of the oldest commercial crops in this district and has been undertaken as an enterprise for more than three decades. Cardamom cultivation is very popular among individual farmers. Cardamom cultivation is stimulated by the growing demand for cardamoms in India and overseas.

Rice mills constitute the biggest micro-enterprise sector. Rice mills provide grinding services to households for domestic consumption. They operate with traditional methods using the huller system. None of the rice mills uses modern technology. They are also not engaged in commercial production.

2.1.14 Categories of Micro-enterprises

Many micro-enterprises operate in the district. Table 5 gives the various categories of micro-enterprises registered with the CSIDC. Practically all of the micro-enterprises is linked to the local market. The development of roads and *haat bazaar(s)* in the rural areas provides outlets for a variety of products and services. Most of the micro-enterprises are created in response to local demand. The availability of local resources means that inputs are available for micro-enterprises. The district is endowed with the land resources essential for micro-enterprises. Forests and agricultural land are the important resources. The ease of entry and the availability of raw materials have stimulated growth in the number of enterprises in rural areas.

Table 5: Categories of Micro-enterprises in Ilam

Particulars of Enterprises	Units
Land based	173
Skill related	25
Local demand based	272
Export oriented	14
Local resources based	191
Using local skills and external resources	85

Note : The total in different categories exceeds the actual number of enterprises as some of them fall into more than one category.

Source : Compiled from the records of the Cottage and Small Industries' Development Committee 1996

A very small number of enterprises uses external raw materials. There are very few outward-oriented enterprises.

2.2 Bhojpur District

2.2.1 Location

Bhojpur district is renowned for its indigenous products such as metal crafts. It is a hilly region located in the Koshi Zone of the Eastern Development region of Nepal. Bhojpur *Bazaar* is the district headquarters located at an altitude of 1,524m. Bhojpur *Bazaar* is also the main trading centre in the region. Separated by the Arun River, the neighbouring districts are Dhankuta to the east, Solukhumbu and Khotang to the west, Sankhuwasabha to the north, and Udayapur to the south. The district covers an area of 1,376sq.km. Altitudes range from 152.4 to 3,048m. The district is divided into 63 village development committees (VDC). The population of Bhojpur is 198,784, of which 48 per cent are male and 52 per cent are female. The population density is 144/km².

2.2.2 Economic Structure

Agriculture is the main occupation, employing 97 per cent of the working population. The industrial and services sectors are relatively small and employ only three per cent of the working population (HMG 1996). Migration to other parts of Nepal and outside and remittances from outmigration are important features of the district – similar to other mountain economies (HMG 1996).

2.2.3 Social Characteristics

The main ethnic community is that of the *Rai*, followed by the *Brahmin*, *Chettri*, *Newar*, *Tamang*, *Magar*, *Gurung*, *Damai*, and *Kami* communities (HMG 1996).

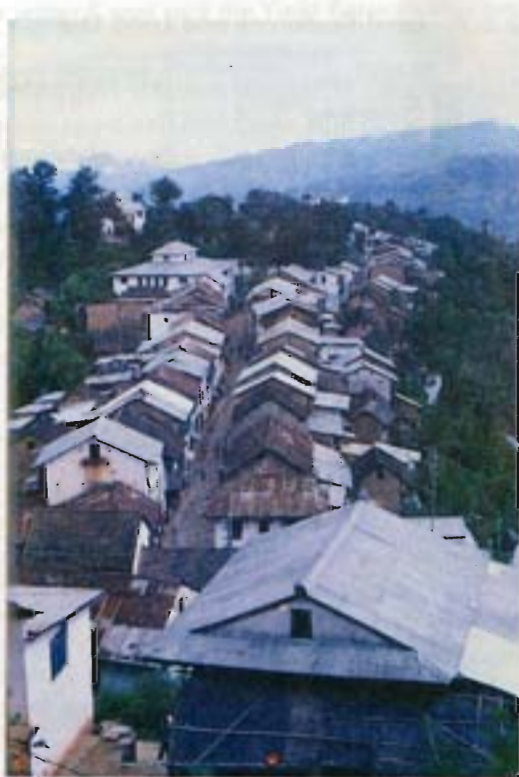
2.2.4 Education

There are 254 primary schools, 45 lower primary schools, 26 secondary schools and a multiple campus under the aegis of Tribhuvan University offering courses in the Humanities and Commerce.

The literacy rate is 38 per cent, which is slightly higher than the national literacy rate. Sixty per cent of the men and 25 per cent of women are literate.

2.2.5 Settlement Pattern

Ninety-four per cent of the population live in rural areas and six per cent in urban areas. Bhojpur Bazaar and Takshar are the only urban areas. The population of Bhojpur is 4,978 and Takshar is 6,522. There are eight VDCs with populations of 5,000 and 55 VDCs with populations of less than 5,000 but more than 1,000 each.



Bhojpur Town

2.2.6 Infrastructural Facilities

Bhojpur is less developed than Ilam in terms of physical infrastructural facilities. There are no motorable roads that link the district with the plains and elsewhere in the country. None of the VDCs are accessible by motorable roads. The district is linked by trekking pathways.

The only modern transport link with the outside is by air. There is a regular flight from Biratnagar and Kathmandu. Royal Nepal Airlines operates five flights a week from Biratnagar and two flights a week from Kathmandu. There is an airport in Takshar VDC, but it is only suitable for small aircrafts.

Electricity is available only in Bhojpur Bazaar and Takshar through a 250KW hydroplant facility operated by a private company. Apart from these two areas, none of the VDCs in the district have access to electricity. Regarding telecommunications, Bhojpur Bazaar and Takshar together have 150 telephone lines, while nine VDCs have nine VHF telephone lines.

2.2.7 Land Resources and Land Use

The total area of Bhojpur district is 133,255ha, of which 62,299ha, or nearly 47 per cent, is used for agriculture which includes areas covered by field crops and vegetable and fruit crops. Land along river banks, river valleys, and areas with access to water are devoted to staple crops such as rice, maize, and wheat. The sloping terraces and other marginal areas (slopes, shallow soils) mainly used for rainfed agriculture are planted with maize, millet, mustard oil seeds, and vegetable crops.

In general, fodder and fuelwood trees are grown on sloping terraces, slopes, and marginal lands. The settlements are located mainly in the upland areas.

Forestry is the next dominant land use in the district, accounting for 64,600ha or 48.4 per cent of the total land area in the district. The condition of forest resources is not very good due to the high rate of deforestation and encroachment. Grazing is the most problematic land-use type. It accounts for 5,439ha or four per cent of the total land. Other land-use types account for 917ha or 0.6 per cent of the total land area. The principal land uses are given in Table 6.

Table 6: Land Use Patterns

Land Use Category	Area ha.	Percentage
Agriculture	62,299	47.0
Forest	64,600	48.4
Grazing	5,439	4.0
Others	917	0.6
Total	133,255	100.0

Source : District Agricultural Development Office, Bhojpur 1996

2.2.8 Crops, Cropping Patterns and Crop Yield

The main crops grown in Bhojpur are paddy, maize, wheat, millet, and potatoes. The other crops include mustard, legumes, sugarcane, tobacco, and minor cereals. In addition, fruit, vegetables, and other high-value cash crops, such as tea, cardamom, and ginger, are cultivated on small areas of land (APROSC 1991a).

The principal cropping patterns of the district are paddy based in the lowlands and maize based in the uplands. Triple cropping of early paddy, main paddy, and wheat in the river valleys, where sufficient water for perennial irrigation is available, is practised. But the dominant patterns are paddy in summer followed by wheat in winter or fallow and maize in the spring in the irrigated/rainfed lowlands. Maize, relay millet, or after millet in summer – followed by mustard in the winter — are predominant cropping patterns on rainfed upland areas. In addition to these, maize and potato relay cropping are common at high altitudes.

Table 7 presents the different crops grown in Bhojpur district. Cereal crops account for 96 per cent of the land use while only four per cent of the area is allocated to cash crops. The main cereal crops are paddy, wheat, maize, and millet. Potatoes are the only popular cash crops in the area. Other cash crops such as *amliso*, cardamom, and ginger are grown in very small pockets. Maize is the dominant crop accounting for 60 per cent of the land use, followed by paddy (26%), millet (7%), wheat (3%), and potatoes (4%). Out of an area of 62,299 hectares of cultivated land, 11 per cent is irrigated while 89 per cent is rainfed (District Agricultural Development Office 1996).

2.2.9 Industry and Enterprises

Bhojpur has many micro- and small-scale industries and service enterprises engaged in diverse activities. There are no medium- or large-scale industries in the district.

Table 7: Area under Crops and the Yield Rates in Bhojpur

Crops	Area (hectare)	Per cent	Yield M. T./ha
Paddy	19,191	26.0	3.27
Wheat	2,540	3.0	2.78
Maize	43,178	60.0	1.75
Millet	5,000	7.0	1.00
Potatoes	2,459	4.0	6.30

Source: District Agricultural Development Office, Bhojpur, 1996

2.2.10 Land-based Enterprises

The soil and climatic conditions of Bhojpur are suitable for a variety of commercial crops.

1. **Tea** - Tea plantation was introduced in 1906 and tea is cultivated in some areas. Individual farmers grow tea and process it using traditional methods. It is used mostly for household consumption and the surplus for the local market. Tea cultivation has not expanded to large areas.
2. **Cardamom** - Cardamom is cultivated in small pockets and is grown for the local market only. It has very limited geographical coverage.
3. **Amliso** - Amliso traditionally serves two purposes: as fodder for cattle and for making brooms. It is grown on limited areas of land.
4. **Ginger** - Ginger is an important and popular cash crop. Farmers are expanding the cultivation of ginger in some areas.
5. **Potatoes** - In terms of area coverage, potatoes are the dominant cash crop. Potatoes are consumed in local market centres as farmers respond to the local demand.
6. **Fruit farming** - A variety of fruits is grown in the district. Oranges, apples, and bananas are popular fruits for household consumption and to sell in the market.
7. **Dairy** - Dairy farming is carried out on a small scale. Individual farmers supply milk and milk products for the local market only.

2.2.11 Credit

The Agricultural Development Bank, Nepal Bank Limited, and *Rastriya Banijya Bank* are the formal banking institutions that provide credit facilities to the agricultural and non-agricultural sectors. The non-institutional sources that play dominant roles include local moneylenders, relatives, and friends.

2.2.12 Markets and Marketing - Haat Bazaar(s)

Weekly and bi-weekly haat bazaar(s) are held in four locations – including Bhojpur Bazaar. Another 17 locations in different VDCs offer temporary markets throughout the year. The main products for sale are metal crafts (*khukuri*), vegetables, and fruits. Bhojpur Bazaar is the principal market in the district.

Bhojpur is quite far (about 40km) from both the Indian border towns and the Terai. Chatra is the nearest Terai centre from where commodities are transferred to and from Bhojpur. This route

is used to transport commodities to and from Itahari, Biratnagar. The other route is Bhojpur-Hile, located in Dhankuta District. It takes two days to reach both Chatra and Hile. The lack of a motorable road is a barrier to the growth of enterprises in the region.

2.2.13 Structure of Micro-Enterprises

Table 8 presents the different micro-enterprises registered with the District Cottage and Small Industries' Development Committee. It shows that micro-enterprises are non-homogeneous and involved in diverse products. Some enterprises are exclusively urban while others are exclusively rural. Metal crafts and handlooms are exclusively urban, whereas rice mills, Nepali paper (Lokta), and furniture are exclusively rural.

Moreover, micro-enterprises are almost equally divided between urban and rural locations: 51 per cent of the micro-enterprises are located in urban areas and 49 per cent are located in rural areas.

2.2.14 Categories of Micro-Enterprises

Table 9 provides information on the categories of enterprise registered with the Cottage and Small Industries' Development Committee in Bhojpur. A significant number of enterprises is involved in skill-related activities using local skills and imported raw materials. Metal work is the most important activity in this category, and Bhojpur has a long tradition in this.

2.3 A Comparison of the Socioeconomic Positions of Ilam and Bhojpur

Ilam and Bhojpur have a number of similarities. Both districts are located

Table 8: Types of Cottage and Small Industries in Bhojpur District

	Urban	Rural	Total
Metal crafts	94	-	94
Bakeries	8	-	8
Rice Mills	5	48	53
Handlooms	20	-	20
Hosiery	4	8	12
Metal Fabrication	2	-	2
Leather Products	3	-	3
Furniture	3	7	10
Printing Presses	2	-	2
Stationery	4	-	4
Paper (Lokta)	-	14	14
Khukuri(s)	-	1	1
Soap	1	-	1
Quilts	1	-	1
Construction	30	104	134
Training Centres	1	-	1
Electronics(watches, radios)	6	-	6
Cinema Halls	1	-	1
Jewellery	2	-	2
Garments	4	-	4
TOTAL	191	182	373
	51%	49%	100%

Source: Cottage and Small Industries' Development Committee, Bhojpur 1996

Table 9: Categories of Micro-Enterprises in Bhojpur

Particulars of Enterprises	Units
Land-based	90
Skill-related	128
Local demand-based	294
Outward-oriented	109
Local resource-based	77
Using local skills and external resources	170

Note: The total in different categories exceeds the actual number of enterprises as some of them fall into more than one category.

Source : Compiled from Cottage and Small Industries Development Committee 1996

in the eastern development region of Nepal and have similar agroclimatic and soil conditions that are suitable for growing a variety of commercial crops. Agriculture is the principal activity and cereal crops are the dominant crops.

Micro-enterprises in both districts are non-homogeneous and produce a variety of products for local and external markets. Micro-enterprises use traditional methods and are linked to the local market. Micro-enterprises in both districts have access to and make use of institutional and non-institutional credit. NGO programmes linked to the promotion of micro-enterprises are found in both the districts. There are weekly, bi-weekly, and daily *haat-bazaar(s)* that provide outlets for agricultural and non-agricultural products. Both districts have natural resources suitable for the promotion of micro-enterprises. Some of the principal resources are forests, non-timber forest products, cereals, and commercial crops. The land base in both districts provides materials for various activities (Table 10). Among the common products are rice, handloom products, garments, Nepali paper (*Lokta*), and wooden and bamboo furniture.

There are differences as well. Both districts are at different levels of development. Ilam is far ahead of Bhojpur in micro-enterprise development. Ilam is an example of dispersed and decentralised development of micro-enterprises, while Bhojpur is characterised by centralised development of micro-enterprises. Seventy-two per cent of the micro-enterprises in Ilam are located in rural areas while micro-enterprises in Bhojpur are mostly urban based. Ilam has good infrastructural facilities. Most VDCs in Ilam are linked by motorable roads, whereas Bhojpur lacks roads.

A minimum level of agricultural development is a necessary condition for the development of micro-enterprises. Ilam is going through a rapid transformation process from subsistence agriculture to highly remunerative commercial crops. Ilam is recognised as successful case of this transformation process in Nepal and devotes more land to cash crops. In contrast, Bhojpur faces several impediments to the development of commercial crops, e.g., lack of roads and access to markets. Ilam is located near the Indian border and is linked by a motorable road to the *Terai* (plains) and Indian border towns such as Darjeeling and Silguri. They provide outlets for commercial crops. There are more *haat bazaar(s)* in Ilam than in Bhojpur: there are 30 *haat-bazaar(s)* in Ilam and 21 in Bhojpur.

Ilam specialises in agro-based activities and most of the activities are land based. Bhojpur on the other hand specialises in skill-related activities. There are 132 rice mills in Ilam; Bhojpur has 94 metal crafts. The agro-based activities in Ilam have growth potential, whereas metal crafts in Bhojpur are not thriving at all. A tabular depiction of the comparison is given in Table 10.

2.4 Programmes to Promote Micro-enterprises

The Government of Nepal acknowledges the significance of diversifying agriculture to include remunerative enterprises and the need to promote micro-enterprises in the mountain areas. In recognition of the importance of the role of micro-enterprises, the government, through its relevant agencies, has supported micro-enterprises. In addition, INGOs and NGOs have also introduced specific programmes to promote income-generating activities.

Table 10: A Comparison of the Socioeconomic Positions of Ilam and Bhojpur

Particular	Ilam	Bhojpur
Total population	229214	198784
Rural (%)	92	94
Total households	41,450	37225
Total land area (sq.km.)	1703	1376
Population Density	134	144
Literacy Rate	53	38
Male	65	60
Female	39	25
Primary Schools/VDC	279/47	254/63
Road connected VDCs	40 (7 in progress)	None
Electricity	Ilam Bazaar and 4 locations also 6 VDC diesel sets	2 in Bhojpur Bazaar and one in one VDC
Telephones	Ilam Bazaar 250 connections in 20 VDCs 37 connections	Two Locations 150 connections, 9 VDCs 5 connections
Land Use (Area Under Agriculture)	42%	47%
Workers in Agriculture (%)	89	97
<i>Cultivated Land (Ha/household)</i>		
Uplands	0.34	0.41
Lowlands	1.03	0.32
Total	1.37	0.73
Grasslands (ha/household)	0.20	0.04
Private Forests (ha/household)	0.50	0.04
Homesteads	0.06	0.03
Total Holdings (ha/household)	2.13	0.84
Operating Holdings (ha/household)	1.43	0.81
Crops (% area)		
Cereals	81%	96%
Commercial Crops	9%	4%
Cropping Intensity	115	149
Average Cash Income (household)	18,147	12,089
Enterprises		
Rural	72%	49%
Urban	28%	51%

Source : Compiled from APROSC 1991a
District Profile, Bhojpur 1996 and Field Survey 1997

Some institutions involved in the promotion of micro-enterprises in Ilam/Bhojpur are described in the following passages.

2.4.1 Cottage and Small Industries' Development Committee (CSIDC)

CSIDC was established to provide support to the development of cottage and small enterprises. Its activities relate to skill development training, product and market information, technical assistance in preparing feasibility studies, and provision of access to credit from the institutional

financial sector. The CSIDC district offices are located in the district headquarters in Ilam and Bhojpur.

The CSIDC is composed of representatives from various sectors (including the private sector and government line agencies) and coordinates the promotion of various activities in an organized manner.

CSIDC seeks to promote local resource-based enterprises such as Nepali paper from Daphne (*lokta*), dairy products, *allo*, (cloth made from an indigenous nettle) *radi pakhi* (blankets), and other indigenous enterprises.

2.4.2 Lutheran World Service (LWS)

The Lutheran World Service, an INGO with its country office in Kathmandu, has been engaged in promoting sericulture in Ilam since 1984 in collaboration with a local women's NGO, the Women's Development Association. Lutheran World Service provides technical assistance and promotes other income-generating activities for women. The project is mature, self-supporting, and sustainable.

2.4.3 National Tea and Coffee Development Board (NTCDB)

Established in 1993, NTCDB has been entrusted with developing and promoting tea production in Ilam district. Extension services and the provision of credit at concessional rates are recognised as essential inputs for the promotion of tea cultivation. Acknowledging the significance of both these inputs, NTCDB lobbied for a reduction in the interest rate of institutional credit and played an instrumental role in reducing the interest rate from 18 to 14 per cent per annum. The reduction of interest rates attracted large numbers of small tea growers. Small tea farmers in Ilam use 13 per cent of the total tea area (NTCDB 1994). NTCDB also provides extension services to the tea sector through extension service centres.

2.4.4 Plan International (PI)

Plan International, an INGO with its country office in Kathmandu, has contributed to infrastructural development and income-generating activities. Plan International has implemented Drinking Water Projects in 23 VDCs in the Bhojpur district and is seeking to implement income-generating activities in the near future.

2.4.5 Banking Agencies

Institutional financial support to micro-enterprises is made available through Agricultural Development Bank, Nepal Bank Limited, and *Rastriya Banijya* Bank. These agencies have extended short-, medium-, and long-term credit to micro-enterprises. The Intensive Banking Programme (IBP) in the priority sector has focussed on lending for commercial crops such as tea and cardamom and micro-enterprises based on local and imported raw materials such as rice mills, Nepali paper, and garments. Introduced by Nepal Rastra Bank in 1981, Ilam was among the first districts where the IBP was implemented. The IBP covers both Ilam and Bhojpur districts.

2.4.6 Registration, Benefits and Incentives

Registration with the CSIDC within six months of establishment of the unit is essential for access to the benefits and incentives provided by the government. These benefits include tax incentives and access to raw materials, power, and credit. Micro-enterprises prefer to register with CSIDC to take advantage of these benefits.

Government policies and interventions by INGOs have contributed to the development of micro-enterprises in Ilam and, to a lesser extent, in Bhojpur. Many factors have contributed to the development of micro-enterprises engaged in commercial crop production in Ilam. The government policy on tea enterprises, the establishment of the Nepal Tea and Coffee Board, the introduction of the Intensive Banking Programme, the provision of roads, and the entrepreneurship of the local people are the principal factors that have influenced the development of micro-enterprises in Ilam. Technical support from the LWS in the sericulture sector has benefitted an estimated 1,500 families in the district. The CSIDC introduced a training programme which has contributed to the employment of some of the trainees in the micro-enterprise sector in both Ilam and Bhojpur districts.