

Factors Affecting  
Women Entrepreneurship in  
Small and Cottage Industries in Nepal  
*Opportunities and Constraints*

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# Foreword

## The Project

This project for the promotion of entrepreneurship among women in small and cottage industries (RAS/92/M12/SWC) is funded by the Swedish International Development Cooperation Agency (Sida) and executed by the South Asia Multidisciplinary Advisory Team of the International Labour Organization, ILO-SAAT, based in New Delhi.

## Country Papers

One of the key activities undertaken under this project has been to commission country studies to assess the status — barriers and constraints, as well as opportunities and support mechanisms — of women's entrepreneurship in each of the five participating countries, viz. India, Nepal, Philippines, Sri Lanka and Thailand. This paper is the second in this series and is published by ILO-SAAT. The report has been authored by Dr. Jyoti Tuladhar in accordance with terms of reference provided.

## Nepal Paper

This report brings together a large amount of information on various entrepreneurship and women's development programmes which have been formulated in Nepal. It also assesses the extent and the quality of women's participation in these programmes. The situation is updated by providing an assessment of the current position of women entrepreneurs in Nepal, as well as of the existing support programmes and mechanisms. The paper looks at the socio-cultural, educational and legal barriers to women's entrepreneurship in Nepal. In addition, there is a valuable overview of the personality traits essential for successful entrepreneurship, with consideration given to distinctions between female and male entrepreneurs. The report also analyses supply-side economic opportunities, such as credit and marketing support, for women to establish their own enterprises. This section includes useful profiles of most of the key agencies involved in promoting women's entrepreneurship in Nepal. While presenting a comprehensive overview of the status of women entrepreneurs in Nepal, the report goes a stage further by providing policy-makers with recommendations aimed at enhancing the economic empowerment of women throughout the country.

## Questions and Answers

A document such as this may raise as many questions as it provides answers. This can be due to the paucity of well-researched published material, both in Nepal and elsewhere, on this important topic. It may also result from underlying biases — both formal and informal — which tend to play down the significance of women's entrepreneurship in many countries. The Government of Nepal

and key international agencies — such as United Nations Development Programme and other UN specialist agencies like ILO itself — as well as major bilateral agencies (such as Sida), are giving more prominence to programmes of poverty alleviation and employment creation, with a focus on women. Although many of them promote income-generation and small enterprise development as a means of achieving their objectives, there is a general lack of awareness of the significant factors which impact upon the enterprise development process, particularly in the case of women entrepreneurs.

### **Programme of Action**

Many pertinent questions are posed about the efficacy of existing support strategies and programmes. This paper should enable policy-makers and programme planners alike to have a greater awareness of key issues. The report provides recommendations which could usefully be incorporated into a programme of action for the development of women entrepreneurs in Nepal. The author also provides practical recommendations aimed at exploiting existing supply-side economic opportunities, specifically in the fields of credit provision, marketing support, technology improvement, and effective policy level interventions.

### **An Ongoing Process**

This study documents many of the general and specific support activities available for women entrepreneurs. The effectiveness, including the cost-effectiveness and impact, of these programmes in addressing the needs of women entrepreneurs in Nepal is an area worthy of further research. Where women-specific organisations and projects exist, their formal and informal roles, as well as their support programmes and member activities, will require further documentation. It should be helpful to profile a cross-section of women entrepreneurs, including members of women-specific groups, partly to provide greater visibility for women's entrepreneurship, and partly to provide role models for potential women entrepreneurs — particularly for young women entering the labour market for the first time. As the problems of running a small enterprise can be very different from those encountered at the start-up stage, it would also be worthwhile to undertake studies into the factors which encourage or inhibit the growth of women's enterprises in Nepal. Once available, this information should prove to be most useful for Government, donor organizations, NGOs, women's support organizations, and indeed for the women entrepreneurs themselves.

As the executing agency for this Project, ILO-SAAT is eager to receive comments, suggestions or additional information relating to the theme of this paper. As well as being involved in projects such as this, ILO is the designated UN agency responsible for Employment issues, and it has a special focus on issues relating to women workers. In addition, ILO has been working in the fields of entrepreneurship, small enterprise and informal sector development, for more than 20 years. For more information on any of these matters, please contact the ILO's South Asia Multidisciplinary Advisory Team, ILO-SAAT, based in New Delhi. Contact numbers and addresses are provided in this document.

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## List of Abbreviations

ACP	Association for Craft Producers
ACB/N	Agriculture Development Bank of Nepal
BVTP	Basic Vocational Training Project
CCORDER	Centre for Community Development and Research
CECI	Canadian Centre for International Studies and Cooperation
CEDA	Centre for Economic Development and Administration
CPP	Ceramics Project
CSD	Centre for Self-Help Development
CSI	Cottage and Small Industries
CWD	Centre for Women and Development
DWET	Developing Women's Entrepreneurship in Tourism
FBPWN	Federation of Business and Professional Women/Nepal
FNCCI	Federation of Nepalese Chambers of Commerce and Industry
IEDC	Industrial Enterprise Development Centre
IESC	International Executives Services Corps
IIDS	Institute of Integrated Development Studies
ILO	International Labour Organization
INGO	International Non-Governmental Organization
IRIS	Institutional Reform and the Informal Sector
NBL	Nepal Bank Ltd.
NGO	Non-Governmental Organization
PEC	Personal Entrepreneurial Characteristics
PCRW	Production Credit for Rural Women
RBB	Rastriya Banijya Bank
SBPP	Small Business Promotion Project (now IEDP)
SRDPP	Self-Reliant Development of the Poor by the Poor
TRE	Training for Rural Employment
TRUGA	Training for Rural Gainful Activities
UNDP	United Nations Development Programme
UNIFEM	United Nations Development Fund for Women
UMN	United Mission to Nepal
USAID	United States Agency for International Development
WDP	Womens Development Programme
WEAN	Women Entrepreneurs Association of Nepal

## Introduction

### 1.1 Setting the Context

WOMEN entrepreneurship, in a formalized sense, is a relatively new phenomenon in Nepal. Although certain ethnic communities in the country, especially the Newars and Tibeto-Burman Highland Groups such as the Sherpas, Gurungs, Thakalis are known to have a long tradition of women being involved in small business enterprises (CEDA, 1981), it is only within the last ten years that the concept of women entrepreneurship has progressively gained some acceptance in the overall dominant majority within the Nepalese society. With the growing recognition that women have unique talents which could be harnessed for development, and for creating employment opportunities for others who are not suited to an entrepreneurial career, developing women as entrepreneurs has become an important part of national development planning and strategies.

Gender equality and economic development go hand in hand. Since the early 1980s, the policy-makers and planners have become acutely aware of the economic significance of women's productive activities and the nature of their contribution to income generation. It has been firmly established that women in Nepal are vital and productive contributors to the national economy but their access to knowledge, skills, resources, opportunities and power still remain rather low (Shtrii Shakti, 1995).

Although women constitute a little over one half of Nepal's population (Annex: Tables I:1-2), they rank lower than men in almost every social indicator in the country. Within the increasing tides of poverty in Nepal, women are the poorest of the poor, a relatively more deprived segment even from among the poor (World Bank, 1991).

Forty-five percent of women aged 10 and above are listed as economically active, while the corresponding figure for men is 68% (Census, 1991). The growth rate in the female labour force exceeded that of males between 1981-1991, but they are still confined to a few activities indicating their disadvantaged position in reaping the benefits of diversification in many areas of employment (see Annex: Tables I:3-11 for specific details).

Over the past fifteen years women's participation in economic activities has also moved beyond agriculture into the local market economy. In search for wage employment, women are moving into small business and self employment ventures thereby creating many formal and informal opportunities for work. Women are increasingly migrating to urban areas for employment in a range of cottage industries, such as carpet weaving, textiles and handicrafts.

Some 82% of working women are self-employed and 12% are wage-employed, as compared to 69% and 27% in the case of men. More than 4% of women are unpaid family workers, the only category where women have outnumbered men. Less than 1% of the working women hold the status