

# Towards A Data-Driven Policy Paradigm in Promoting Women's Business Registration

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### **ABSTRACT**

A review of the literature on business formalisation and women's participation in the formal economy in Nepal demonstrates that there is a general lack of data and information on the current realities, perceptions and motivations of women business owners in relation to business registration. This has made evidence-based policy formulation difficult. In fact, the current Industrial Policy of Nepal has little reference to statistical evidence and does even less to set numerical and empirically verifiable goals and targets.

This research project intends to explore how evidence can be better integrated into the policy formulation process, to design a nationally replicable survey methodology, and to test it on an adequate scale. It also seeks to gain key learnings from the experiences of other countries in their efforts to promote business registration.

**List of Abbreviations**

<b>Abbreviations</b>	<b>Full Forms</b>
CBS	Central Bureau of Statistics
DCSI	Department of Cottage and Small Industries
EBP	Evidence Based Policy
FNCSI	Federation of Nepal Cottage and Small Industries
FWEAN	Federation of Women Entrepreneurs Association of Nepal
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit GmbH (German: German Agency for Technical Cooperation)
ILO	International Labor Organization
MEDEP	Micro Enterprise Development Program
PAN	Permanent Account Number
UNHLPWEE	United Nations High Level Panel for Women's Economic Empowerment
VAT	Value Added Tax

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## I. INTRODUCTION

The informal sector employs a large portion of the economically active population of Nepal . Up to 77.5% of those employed in this sector are women (ILO, 2005). Workers and entrepreneurs that participate in the informal sector are not only deprived of the protection of laws and regulatory frameworks, they are also characterized by a high degree of vulnerability to exploitation (ILO, 2002). Also, a study shows that the persons participating in this sector, women more than men, are poor (Castells and Portes, 1989).

Traditional gender stereotyping, low levels of social integration, lack of robust women's business networks, lack of access to financial services, disproportionate property ownership, low risk taking capacity in women and general lack of social support have been identified as gender-specific challenges towards business registration and formalization. These problems exist in addition to the general challenges such as high costs of registration, lack of access to formal mechanisms, high costs of compliance (e.g. labor and tax expenses), lack of information regarding benefits of registration, bureaucratic inefficiencies, and a generally negative attitude towards formal institutions (Bushell, 2008; ILO and GTZ, 2014).

Business Registration for women (as a part of a larger formalization framework) is often seen as an important empowerment tool. It is the first step towards creating a legally recognised and regulated enterprise. The UN High Level Panel on Women's Economic Empowerment (UNHLPWEE) lists increasing legal protection for women and ensuring a fair share of assets to women as two of seven action agenda for combating gender disparity in economic participation (UNHLPWEE, 2016). Business registration can clearly contribute towards extending the

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protection of the laws towards women-owned businesses. It can also potentially make such businesses more resilient and better able to seek state support for their growth and survival.

The current Industrial Policy (2010) lays down some policies regarding business registration. It states:

“One stop service center shall be established and made effective for permission for establishment, registration, expansion and exit of an industry and to ensure the availability of services in simple and transparent manner within the specified period.”

(Ministry of Industry, 2010, Section 10.20).

Also, a 35% registration fee exemption for industries registered in the name of women has been envisioned in the Policy (Ministry of Industry, 2010, Section 21.4). A Business Incubation centre which shall promote women entrepreneurs, inter alia, has also been envisioned in the Policy (Ministry of Industry, 2010, Section 11.21). It is notable that the Policy makes no references to existing statistics and does not set numerical goals with respect to increasing business registrations for women. Whether a 35% reduction in registration cost is the most effective method of encouraging business registration in women is yet to be seen. The policy also notably does not account for any socio-cultural and socio-psychological barriers to women's business registration including their perceptions and inhibitions.

The concept of utilising available evidence to inform policy is not of recent origin. The notion of informed rulemaking can in fact be traced back to ancient Greece. In the modern context, the process of informed rulemaking can involve a combination of scientific knowledge, pragmatic

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knowledge and value-led knowledge (Flyvbjerg, 2001; Ehrenberg, 1999). However, the degree to which scientific evidence has been utilised in policy making in Nepal is minimal (Gelal, 2015).

Studies have been undertaken to determine how formal mechanisms can be strengthened to promote business registrations. A few studies have also explored the socio-cultural contexts that affect women-owned businesses, particularly in their efforts to formalize their enterprises (Karki and Xheneti, 2016). Empirical studies have concluded that businesses take the decision to formalize only once, at the start of the business (ILO, 2014). Some studies including the National Labor Force Survey, Cost of Doing Business Survey and the Business Climate Survey have provided some insights into the informal sector, the participation of women in this sector and the challenges for formalization. However, a comprehensive understanding of when and why women decide to register their businesses in the context of Nepal, or why they choose not to do so cannot be gained from existing studies. A national survey of women entrepreneurs that studies the economic, administrative, socio-cultural or gender-related challenges of business registration seems necessary. This can ensure that policy interventions can be designed without guesswork. Such a study could also quantify registration and compliance costs for women-owned businesses in various parts of Nepal.

Ill designed policies have a potential to do more harm than good. A comprehensive understanding of the realities of business owners, their perceptions and their motivations is the most fundamental requirement for formulating effective policies.

## II. METHODOLOGY

### **Background**

The project was initiated with an objective of enabling and promoting women's business registration by working in collaboration with the Department of Cottage and Small Industries, Government of Nepal, and other relevant stakeholders. At inception, the precise *modus operandi* of how this goal can be achieved was not clearly defined. Subsequently, a combination of explorative studies along with efforts to design a robust evidence-collecting mechanism was chosen as the correct approach. Thus, one part of the project focused on conducting thorough review of literature on business formalization, its gender related dimensions and also on evidence based policy formulation. The other part focused on making efforts to generate information which could enable the policy makers to conduct further studies and gather critical evidence at a national scale. For fulfilling the latter objective, a pilot survey was conducted to evaluate essential parameters such as cost and time, which can later on be used to design larger-scale surveys. Due to budget and time restrictions, a small-scale pilot survey coupled with extensive review of literature was chosen as the most feasible and effective research pathway.

### **Statement of the Problem**

There is a general lack of data and information on the current realities, perceptions and motivations of women business owners in relation to business registration. This has made evidence-based policy formulation difficult.

### **Rationale of the Study**

There is clearly a lack of information regarding the proportion of women who register their businesses and the causative agents that encourage or discourage business registration in women entrepreneurs. This study shall propose measures to both reduce this information gap and to encourage business registration for women. Also, the study shall have the following potential utility:

- 1) **For the Department of Cottage and Small Industries (DCSI):** The study can potentially inform policy making in the field of promoting business registrations in general and in promoting business registration for women in particular. The barriers to registration identified by the study can potentially be used to better design policy interventions that can promote women business owners to register their businesses..
- 2) **For the Central Bureau of Statistics (CBS):** The methods used in the survey can potentially be replicated by the Bureau to conduct surveys in larger scales. The knowledge of challenges and costs of this survey can also be useful to the Bureau in designing such surveys.
- 3) **For the Federation of Women Entrepreneurs Associations of Nepal (FWEAN) and the Federation of Nepal Cottage and Small Industries (FNCSI):** The insights provided by this survey can potentially help these organizations to design and implement district level programs and interventions to promote business registrations and other formalization related activities.

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### **Pilot Survey Design**

### **Research Questions**

- 1) What fraction of women-owned enterprises have been registered?
- 2) What are the factors that inhibit or discourage women entrepreneurs from registering their businesses and what are the factors that encourage women entrepreneurs to register their businesses?

### **Limitations**

- 1) Geographical Limitation: The study was conducted exclusively in one district i.e., Lalitpur.
- 2) Research Subjects: The research was limited to studying women entrepreneurs.

### **Method of Study**

Quantitative methods were used predominantly. Where qualitative data is collected, it was encoded and quantified. Structured interviews were conducted with the help of enumerators at the place of business of the entrepreneurs.

### **Unit of Study**

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The unit of study was an Individual Female Business Owner who running an enterprise in the district of Lalitpur.

**Universe and Sampling**

Universe: All female entrepreneurs in Lalitpur district.

Sampling: Sample size ~150. The method of sampling was convenience sampling.

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**Pilot Survey Questionnaire Design**

The following information was sought via the survey questionnaire:

Information on the Business	<p><b>Size of Enterprise:</b> Capital, Number of Employees, Annual Revenue</p> <p><b>Location of Business:</b> Urban/Rural, Distance from nearest place of registration</p> <p><b>Registration Status of Enterprises:</b> Registration with Local Government Bodies, DCSI, Department of Commerce, Cooperative offices, DOI, others; Incorporation, Acquisition of a Permanent Account Number (PAN), Registration as a Value Added Tax (VAT) collecting business, other licenses</p> <p><b>Growth:</b> Capital growth, Revenue growth,</p>
Information on the Business Owner	Age of business owner, educational background of business owner, marital status of business owner, number of children in the care of the business owner and their age, caste/ethnicity of business owner, monthly income of the household in which the business owner resides

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Existing and Perceived Barriers : Access	<p>Access to registration mechanisms (offices): Distance</p> <p>Access to skilled professionals (lawyers, drafters, etc.):</p> <p>Availability (number per 1000 population)</p> <p>Access to information and training (related to business registration) in the past</p> <p>Perceived access barriers</p>
Existing and Perceived Barriers : Knowledge	<p>Knowledge of business registration procedures</p> <p>Knowledge of taxation</p>
Existing and Perceived Barriers : Costs	<p>Actual costs of registration</p> <p>Actual annual cost of compliance as a percentage of annual revenue</p> <p>Perceived costs of registration</p> <p>Perceived annual cost of compliance as a percentage of annual revenue</p>

The process of designing the questionnaire was iterative. Two versions of the questionnaires were developed (See Annexes II and III). The first version was tested in the first day of the pilot survey after which modifications were made to remove errors and to make improvements in the

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effectiveness of the questions. The modifications were made based on the feedback of the enumerators.

### III. LITERATURE REVIEW

#### i) On Evidence Based Policy

[Evidence-Based Policymaking: What is it? How does it work? What relevance for developing countries? (Sutcliffe and Court, 2005)]

As previously mentioned, the concept of utilizing available evidence to inform policy is not of recent origin. Shaxson (2005: 102-3) argues that we need evidence to:

- Understand the policy environment and how it's changing.
- Appraise the likely effects of policy changes so we can choose between different policy options and subsequently assess their impacts.
- Demonstrate the links between strategic direction, intended outcomes and policy objectives, to show that there are clear lines of argument and evidence between what we are aiming for and what we are doing now.
- Determine what we need to do to meet our strategic goals or intermediate objectives.
- Influence others so that they help us achieve our policy goals and take them through to delivery.
- Communicate the quality (breadth and depth) of our evidence base to meet the open government agenda.

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There is also a view that evidence based policy (EBP) approaches have the potential to have even greater impact on outcomes in developing countries, where better use of evidence in policy and practice could dramatically help reduce poverty and improve economic performance. This is because EBP tends to be less well established in developing countries than in developed ones, and policies are often not based on evidence. Two cases highlight the value of EBP in developing countries – one where evidence transformed lives; the other where the lack of an evidence-based response has caused widespread misery and death. First, the Government of Tanzania has implemented a process of health service reforms informed by the results of household disease surveys – this contributed to over 40% reductions in infant mortality between 2000 and 2003 in two pilot districts. On the other hand, the HIV/AIDS crisis has deepened in some countries because governments have ignored the evidence of what causes the disease and how to prevent it from spreading. Increasing the use of evidence-based policy in developing countries does, however, introduce new challenges. Economic, social and political environments are more difficult, capacity is more limited to generate rigorous evidence and to formulate policy. Also, resources are scarcer.

Weiss (1977) offers an alternative way of categorising the factors which policy and practice depend on. She puts forward the four I's; information, interests, ideologies and institutions:

- Information: 'the range of knowledge and ideas that help people make sense of the current state of affairs, why things happen as they do, and which new initiatives will help or hinder'
- Interests – i.e. 'self-interests'.
- Ideologies – 'philosophies, principles, values and political orientation'.

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- Institutions – ‘first the institutional environment shapes the way in which participants interpret their own interests, ideologies, and information. [...] Second, organisational arrangements affect the decision process itself, such as who is empowered to make decisions.’

Encouraging better use of evidence in policymaking may include following steps (PIU 2000, Bullock et al. 2001) designed for increasing the pull for evidence by:

- Requiring the publication of the evidence base for policy decisions.
- Requiring departmental spending bids to provide a supporting evidence base.
- Submitting government analysis (such as forecasting models) to external expert scrutiny.
- Providing open access to information – leading to more informed citizens and pressure groups facilitating better evidence use.
- Encouraging better collaboration across internal analytical services (e.g. researchers, statisticians and economists).
- Co-locating policymakers and internal analysts.
- Integrating analytical staff at all stages of the policy development process.
- Linking R&D strategies to departmental business plans.
- Casting external researchers more as partners than as contractors.
- Seconding more university staff into government.
- Training staff in evidence use.

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**ii) On business registration for women**

[Transitioning into the Formal – Women Entrepreneurs in the Informal Economy of Nepal  
(Xheneti and Karki, 2016)]

The informal economy of Nepal employs 2.14 million people, accounting for 70% of the economically active population. A higher proportion of women (77.5%) are employed in this sector (ILO, 2005). Women mainly operate micro-enterprises and the registration of the female-owned and operated micro-enterprises is much lower (5.4%) than those run by men (47.1%) (ILO, 2005). The paper discusses some key factors that affect business registration for women:

**Motivation** - although many respondents (39%) engaged in entrepreneurial activities for lack of other alternatives, large numbers yet (37%), were attracted by a desire to be active and financially independent rather than staying at home. Some respondents reported other motivating factors, such as social networks and family commitments. Among the three regions studied by the paper, i.e., Kathmandu, Lalitpur and Kaski districts, financial independence from men was more frequently cited in the case of Kathmandu, reflecting the higher participation of women in employment in the city.

**Risks and Challenges** – most women considered the nature of their products (i.e. perishability or damage) as the most common risk or challenge faced (41%). Family responsibilities, credit constraints, and lack of skills or knowledge were also frequently cited in women's accounts,

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independently of region or sector of activity. Business experience and skill accumulation over time were said to mitigate some of these risks by increasing women's confidence and capability. For instance, women's fears of not being able to fulfil customer demand at the start-up stage lessened with their increased experience and expertise over time, allowing them to provide good service and retain customers through loyalty.

**Business skills and experience** also supported them in gaining their family's trust, market reputation and community recognition. Many respondents mentioned having to deal with discouragement from their households and wider communities as articulated in an emphasis on their lack of basic skills; the perceived suitability of certain activities for women; or the acceptability of women engaging with any membership organisations that would support entrepreneurship due to gender prejudices. However, their persistence and their ability to 'earn a living' not only helped in improving attitudes towards them, but also in becoming more resilient to the constraints of their environment.

**Family and social capital** played a key role as a source of support and information. The most popular form of family assistance was the provision of 'free labour' – half of the respondents reported family members helping out in a variety of ways, either with childcare or domestic work, or within the business itself. This 'free labour' varied from occasional or seasonal to regular assistance. Family and social capital helped to gain new suppliers, business connections and new customers, as well as helping to alleviate capital and or skills constraints. For example, 23% of the respondents gained financial assistance from their family, free of interest and other conditions placed by formal institutions and non-formal lenders. Others, especially in

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Kathmandu and Pokhara considered their home location to serve economic interests (saving on rent).

**Formalization** was more likely in sectors such as trade and services, and for businesses at a medium or established stage of operation. Various factors were said to facilitate the formalization decision, including business requirements, supporting households and social networks, access to loans, and fear of penalty. For instance, certain entrepreneurial activities such as packaged food, pharmacy or training centres require formalization. In other cases, suppliers or customers operating in the formal sector demand their service providers and users to be formal as well. The demand to provide VAT and tax receipts pushes other businesses along the supply chain towards formalization.

**Socio-spatial contextual differences** in relation to demographic composition, particularly of caste, migrant status, as well as of social ties and business infrastructure affected the range of activities women were involved in. Many respondents experienced negative response from their community when their activity was deemed to be inappropriate for their caste (e.g. tailoring is considered a low caste occupation), and the time dedicated to a business was also affected by caste status as certain castes have greater social obligations. Further, 64% of respondents were migrants to their regions with the greatest proportion of migrants in Biratnagar and Kathmandu, and the greatest proportion of natives in Pokhara with implications about the use of social capital and networks. In Biratnagar, social capital played a crucial role in providing information and also supporting respondents to business formalization. In Pokhara, fear of penalty, access to loans,

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and nature of business were the main reasons for business formalization. In Kathmandu, demand from suppliers and clients played an important role for business formalization.

Overall, these findings reveal that the decision to remain in the informal sector is often a strategic choice by women entrepreneurs, as it enables them to accumulate business experience, increase their social capital, join certain groups and organisations, reduce costs and wait for a suitable time to enter the formal sector.

**iii) On the informal Economy of Nepal**

[ Nepal's Informal Economy, (AWO International e.V, 2012)]

The paper defines the informal economy as “all economic activities that are – in law or in practice – not covered or insufficiently covered by formal arrangements” (Husmanns, 2004, p. 2). The share of informal employment in total employment is even higher: as high as 90 percent in many countries in South Asia and sub-Saharan Africa (Chen, Vanek, Lund, Heintz, Jhabvala, & Bonner, 2005). Other than a lack of recognition and protection under the legal and regulatory framework of the state, informal workers and entrepreneurs are characterized by a high degree of vulnerability (ILO, 2002).

The distinction in economic terminology between the formal and informal sector was first introduced by J. K. Hart in his influential paper on urban employment in Ghana. Hart used the concept of informal sector to describe a part of the urban labour force, which works outside the formal labour market. Although dualist thinking had in general existed already

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before this, it was Hart who divided the economy into formal (analogous to the previously used term 'modern') and informal (previously 'traditional') sectors and put emphasis on the significance of self-employment and small enterprises and the degree of statistical under-recording in the informal sector (Bromley, 1978).

Nepal ranks first in Asia among both the poorest states and the most unequal societies. 50.4 percent of those working do not earn enough to lift themselves and their families above the US\$ 1.25 a day poverty line, and the US\$ 2 a day poverty line is being undercut by 74.1 percent of workers (ILO Country Office for Nepal, 2010, p. 9). Quite to the opposite many studies point out the economic dynamism of unregulated income generating activities and the relatively high level of income that can even lie above the income level of workers in the formal sector (Castells & Portes, 1989, p. 12). It is nevertheless true that a much higher percentage of people working in the informal, relative to the formal economy, are poor, and even more true that a larger share of women relative to men working in the informal economy are poor (ILO, 2002).

Nepal's informal part of the economy is extremely large and is growing compared to its tiny formal counterpart. It employs more than 96 percent of Nepal's economically active population (Suwal & Pant, 2009, p. 2). The informal economy is characterised by unregistered and unorganised production. Most of the informal activities are outside the government's tax frame. The largest sector of the Nepalese economy – agriculture – is for the most part informal. The importance of the informal economy for Nepal can best be summed up in three points:

- (1) It is a growing part of the local and national economy;
- (2) Although incomes are low, they are collectively large and valuable; and

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(3) It contributes significantly to employment (ILO Country Office for Nepal, 2004).

The National Labour Force Survey (NLFS) 2008 estimated that around 21,42,000 people in Nepal aged 15 and over are currently employed in the non-agricultural informal sector (70 percent of total non- agricultural employment) which actually constitutes a slight decrease compared to the 73 percent of the 1998/99 NLFS. In informal employment this number is significantly higher, with 86.4 percent of all non-agricultural jobs. In 2008 there were 11,332,000 people aged 15 years and above (96.2 percent of total employment aged 15 years and above) who were classified as in informal employment in all industries. After excluding the agriculture and fishing industries, the number of non-agricultural informally employed persons was 26,55,000 (or 86.4 percent of total non-agricultural employment).

**iv) On formalization policies**

[Enterprise formalization: Fact or fiction? A quest for case studies (GTZ, 2014)]

Governments across the world try to reduce the size of the informal sector because of many negative aspects that are associated with informal enterprises both at macro and micro level, e.g. poor labour conditions, a poor tax basis and poor coverage of social protection. One of the ways to reduce the size of the informal sector is by stimulating the formalization of informal enterprises.

Why business formalization?

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1. Formal enterprises tend to perform better than informal enterprises. At macro level, an increase in the number and/or size of formal enterprises translates into higher GDP levels and growth rates.
2. Many employees will benefit from such a transition. Because of higher labour productivity, higher wages and better working conditions are possible.
3. An increase in the country's tax revenues, which in turn can be used for various public programmes.
4. A transition from an informal to a formal economy could improve the general attitude towards government, which would in turn have a positive effect on the intention to comply with regulations.

How can formalization be achieved?

1. Informal enterprises may be motivated to formalize by lowering the costs of becoming (and remaining) formal.
2. Another way to motivate informal enterprises to formalize is by improving the benefits of being formal.
3. The development of the formal economy may be stimulated by improving the general business environment. Amongst others, this implies that policies to lower costs and improve the benefits of formalization (as mentioned in the previous two bullets) should also target formal firms.
4. Strengthening law enforcement.

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The paper outlines three macroscopic points of view that are commonly taken during discussions regarding formalization. The *exclusion view* regards informal sector business as being “excluded” from the mainstream economy and advocates for removing barriers to formalization. The *exit view* advocates for policies to force informal sector businesses to either enter the formal sector or to close down. The *dual economy view* recognizes the importance of both the formal and informal sectors and advocates a shift of government efforts towards creating an environment to enable new business to formalize rather than to force formalization on existing businesses. A relevant question might be which of these views will enable governments to most efficiently develop and implement policies for business formalization. Clearly, existing policies in Nepal have not taken the *exit view* since business registration has not been made a precondition to owning or running a business. Whether the government is taking a dual economy view of accepting the informal sector's existence and importance or an exclusion view of trying to enable formalization is not certain at this point.

Regardless of the views that governments are taking, many different policies have already been implemented throughout the world to support the formalization of informal enterprises. A highly relevant question is then, whether some of these policy types are more successful than others. Given our current state of knowledge on the effectiveness and efficiency of different policy types and in particular the lack of available studies that examine the outcome of specific policies using adequate econometric methodologies, this question cannot yet be accurately answered.

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Since different studies use different definitions, data and results are not easily comparable. Still, there are some empirical findings that increase our understanding of what works and what doesn't:

1. Although not all business entry reforms succeed in raising the number of firm registrations, some do. For these reforms, increases in firm registration of 5% are reported.
2. For single reforms that aim to increase firm registrations by reducing the costs of formalization, the reduction of payments has to be at least 50% to have a significant effect on the number of registered businesses.
3. Single reforms that aim to increase firm registrations by reducing the length of the procedure can have significant effects when the length is reduced by 15%.
4. When several reforms are combined (for instance reducing both the length and payments of registration), less drastic reductions are required because of the synergistic effect.
5. In countries with weaker business environments, the extent of the reform has to be larger in order to influence business registration.

Six cases complied with these criteria to a reasonable extent. These are:

**1. Monotax (Argentina)**, this concerns the simplified regime for small taxpayers that consists of a single tax with a flat monthly fee, which replaces income tax, value added tax (VAT) and social security contributions. The Monotax aims to reduce the burden for small taxpayers that cover a significant part of all salaried employment in Argentina. In 1998, a simplified system was suggested as one of the objectives to fight informality and evasion. The

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number of registered taxpayers has continuously increased since the introduction of the Monotax: 642,167 in 1998 and 2,020,000 in 2009 (Farias, 2009).

**2. SIMPLES (Brazil)**, introduced by the Brazilian government in 1996, is a programme with reduced tax rates and tax regulations for Brazilian micro firms with no more than 5 paid employees. SIMPLES can be interpreted as a measure reducing the costs of formalization. This case study examines to which extent the decision to formalize eligible firms was affected and how this decision affected firm performance. An urban informal sector survey of 1997 was used that targeted individuals in urban areas who claim to be self-employed or owner of an enterprise with up to 5 paid employees. Main findings are:

1. The formalization degree of enterprises that started just before the introduction of SIMPLES is considerably lower than that of enterprises that started right after the introduction of SIMPLES.
2. 72% of firms that attempted to register, reported having no difficulties in the process. This suggests that in Brazil, barriers to entry are not the principle drivers of informality.
3. Introduction of SIMPLES had significant positive effects on the level of formality: The license to operate showed an increase of 7%–12% and the registration with tax authorities an increase of 3%–7%.
4. The size of these positive effects tends to be larger for firms with paid employees.
5. Formalized firms show revenue and profit levels that are roughly 50% higher.

The SIMPLES case shows that reducing the costs of being formal can have significant

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positive effects on the degree of formality and suggests that policies to promote the formalization of enterprises may be more effective if they focus on start-ups.

**3. Individual Micro-entrepreneur (Brazil):** In Brazil there is a strong correlation between 'size of company' and prevalence of informality. The Individual Micro-entrepreneur (MEI) is an innovation of the Brazilian tax system approved in December of 2008 allowing the formalization of self-employed at low costs, with pension coverage for the micro-entrepreneur and his/her family. This large programme MEI addressed a total of over 10 million informal entrepreneurs in Brazil, and it has managed to register 1.4 million workers until July 2011. One of the main advantages of this law is the registration in the National Register of Legal Persons (CNPJ), which facilitates the opening of bank accounts, the application for loans and the issuing of invoices.

**4. Municipal reforms (Brazil):** This case study uses administrative data to evaluate the impact of Minas Fácil Expresso, a programme which attempted to expand a business start-up simplification programme to more remote municipalities. The authors estimate that the reform (opening of local offices) resulted in a statistically significant negative effect: namely a reduction in registration in the municipalities concerned. Next to an initial effect that might be due to delays in registration during an adjustment period until the new system is running smoothly, an additional reason might be that some firms might not want to register with all three levels of government considered (municipal, state and federal procedures). Before they had the option of registering with only one or two of these levels, thereby evading fees and taxes associated with the others. Also no significant impact on tax revenues was established.

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**5. Law 1429 (Colombia):** This law of 2010 consists of a wide range of measures concerning the formalization of both employment and businesses. The law defines small companies as having no more than 50 workers and deals with six different areas of interest including:

(1) business development; (2) reduction of costs during first few years of existence; (3) employment generation for specific target groups; (4) reducing red tape; (5) Information Management; and (6) empowerment of *disadvantaged collectives*.

Unfortunately, the law did not foresee a specific monitoring system and it is complicated to know exactly the number of companies which have benefited from the law and evaluate its impact. In 2011 nearly 175 000 new companies were constituted in Colombia, almost 10% more than the year before, but only 2% more than 3 years before. Almost 145 000 of these new firms (83%) had the opportunity to benefit from reductions concerning the trade register. In addition just over 87 000 already existing small companies benefited from the amnesty, meaning they did not pay for the annual trade register. Overall, this implies that nearly 232 000 small companies were able to benefit from discounts related to the trade register derived from the Law 1429. However it is not entirely clear whether the effect was fully due to the Law 1429.

**6. An experiment in Sri Lanka:** The majority of firms operating in Sri Lanka are informal, even if these firms employ paid workers. A survey showed that firm owners generally do not know facts related to registration, such as actual costs or process length. Four experiments to measure the latent demand for formalization were implemented offering informal firms after formalization a financial compensation ranging from 9 to 350 USD. In statistical terms, the first intervention of 9 USD did not yield significant results. The compensation of 350 USD however

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produced significant results. Most of the firms that did not register reported to have started the registration process, only to find out that they needed the permission of their land owners, who was often the government. This qualitative finding is confirmed by quantitative data, showing that formalization is much lower for firms operating on public land. Also surveys were conducted in the years after the experiment: 36% of registered owners did not see the benefits of registration, 20% answered that it was beneficial for the image of their firm or reported to feel more secure and protected, 10% claimed that it may help to obtain a loan; very few however reported to actually have obtained a loan or government contract as a result of formalization. It should however be noted that it is not really surprising that only a few enterprises actually obtained a loan due to the fact that only a minority of small enterprises in general are really ambitious and growth oriented, and hence in need of external finance to further develop and innovate. The experiment showed that payment comparable to 2-months profits is enough to induce firm owners to register. In fact, in many cases where registration did not follow, this was due to practical constraints, in this case the requirement of approval of the landowner. This study shows formal registration to be primarily a rational decision. Financial payments have an effect on registration, even when perceived benefits are relatively low.

#### IV. POLICY CONTEXT

The current policy landscape in Nepal, regarding business formalization in general and business registration in particular, consists of the Industrial Policy (2010) and the Industrial Enterprises Act (2016).

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The Industrial Policy (1993) was originally framed with the objective of accelerating the industrial sector of Nepal. While rapid industrial development is taking place in other states, especially in Nepal's neighboring states, Nepal itself has failed to accelerate its industrialization. It is in this backdrop that the new Industrial Policy, 2011 was formulated with the objective of "bringing positive changes in overall economic and social sectors of the country by means of rapid industrial development doing away with the weaknesses of the past."

Historically, in order to achieve the objectives set by the Industrial Policy of 1993, it was first of all necessary to transform the economy which was substantially reliant upon agriculture, into an industrial economy. Therefore, efforts were made to concentrate governmental activities concerning industrial development towards that direction. The Industrial Enterprises Act, 1993 enacted as directed by the Industrial Policy, 1993, created legal basis for development of industries by making available additional facilities and concessions such as income tax, sales tax and excise to the prescribed industries of various classes and located in various regions having them classified and prioritized with a view to accelerating industrial development with high priority. However, because of various reasons, the facilities and concessions provided by the Industrial Enterprises Act, 1993 could not be continued and those facilities and concessions were gradually minimized and repealed with the first amendment to that Act, the Income Tax Act, 1991 and the Fiscal Acts enacted year by year. Despite these facts, the efforts to make the industries competitive by making available to them other institutional and basic infrastructure services were continued.

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Accordingly, the National Productivity Council was formed as an institutional arrangement and the concept of Special Economic Zone was put forward towards infrastructure development. In this connection, the then provision of compulsory licensing for establishment and operation of industries was repealed and it was provided that no license or permission would be required to establish industries other than the prescribed industries (industries that cause an adverse impact on the environment and public health, or those related to producing arms and ammunition). It was expected that these measures would create a conducive and competitive atmosphere for establishment and operation of industries, and industrial productivity and employment opportunities would be enhanced. In order to better contribute to the industrial development of Nepal, various efforts were made such as capacity development of laborers, enhancing managerial skills, encouraging the use of new technology, increasing sectoral investment, making provisions for restoration of sick industries, imparting trainings for entrepreneurship promotion and making necessary institutional arrangement for providing services and facilities from one window, thus making the process easier for the business owners.

## V. ANALYSIS

The objective of the pilot survey was to gain insights upon the process of conducting the survey rather than the collection of usable data. Similarly, the questionnaire was amended in a daily iterative fashion. This resulted in two sets of data that could not be cross compared. Following are some key learnings from the survey:

1. Respondents are often apprehensive:

During the course of the survey, an overwhelming theme of people's apprehension towards the notion of business registration emerged. A majority (11 out of 15) of

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enumerators reported that the interviewees were reluctant to participate in the survey regarding business registration out of fear of the government using this information to force them to formalize their business. Upon further inquiry, the respondents stated that having to pay taxes to the government was the most common reason for their apprehension, second only to the notion that the government would make registration mandatory and would penalize those who did not conform. This can potentially become a challenge in future large-scale surveys conducted by the government to collect evidence for policy making purposes.

2. There is an information gap between policy makers and the public:

Another observation made during the pilot survey was the fact that an overwhelming majority of the respondents was unaware of the rules and procedures applicable to business registration, and even the facilities they could avail from relevant government offices. The knowledge of the costs involved in registration and the costs of compliance to regulation after registration was also absent in all the survey respondents. This is indicative of a larger-scale problem of lack of outreach by the government to the public regarding their policies. While Citizen Charters are present in all government offices, there is no indication that such measures are adequate in delivering useful information to the intended persons or groups of persons.

3. Open-ended questions tend to solicit better quality responses:

While the open-ended and close-ended nature of questions is a function of the nature of information sought by the survey, a general observation made during the pilot was that open-ended questions tend to solicit better information in terms of the amount of relevant details that the respondent is likely to divulge and the level of comfort for the

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respondents. However, this advantage is to be balanced with the need for precision in the information that is sought. Also, data processing became considerably difficult for responses of open-ended questions.

A multi-stakeholder meeting was conducted with the objective of receiving key insights into the policy making process and what interests various stakeholders held. Some learnings from the meeting are as follows:

1. While many independent agencies and organizations are making efforts towards fostering business registration and formalization as a whole, significant level of cooperation between and among such agencies and coordination of activities was not seen. For example, FWEAN reported conducting business registration trainings but DCSI was not involved in designing or monitoring the success of those trainings. Similarly, FWEAN and FNCSI have not significantly participated in programs such as the business incubator being run by DCSI.
2. There is a general lack of clarity on how the entry into a federal model of government will affect the roles and capabilities of the stakeholders to continue with their missions. This lack of clarity also extends to government agencies.
3. Independent organizations such as FWEAN and FNCSI have significantly better public outreach capabilities when compared to the formal government agencies. This is indicative of the potential for effective partnerships between the government and such agencies for public outreach purposes. While some level of cooperation exists, especially in policy advocacy, it also needs to extend to public outreach activities.

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4. The Central Bureau of Statistics has set standards for data collection to ensure comparability between studies. However, these standards are unknown to other agencies and thus remain unintegrated into their data collection efforts.
5. There is great demand for and interest in sectoral statistics (For example, regarding business registration). Studies conducted to generate such statistics can not only benefit the government agencies but also the ancillary organizations working with and alongside the government offices to attain the same goals.

Key learnings from the review of literature can be summed up as follows:

- 1) While some studies, including studies conducted by the Central Bureau of Statistics, have put some light on the informal economy of Nepal and the issue of formalization of women- owned enterprises, actionable and comprehensive data is yet to be gathered.
- 2) Socio-cultural phenomena, such as social and family capital, caste and economic background of the entrepreneurs and their level of personal motivation, that affect women's incentives and capabilities in context of business formalization are theorised (eg, Xheneti and Karki) but not supported by adequate empirical evidence.
- 3) Success of reforms is context specific, as the definition and the characteristics of "the informal sector" can greatly differ from one country to another. Therefore there is a need to analyse the informal sector before designing the reform agenda with specific policy measures.
- 4) It is important to carefully look at the costs of formalization, e.g. the direct costs in terms of time to be spent on formalities (compliance costs) and fees and taxes to be paid. In most cases, it is however not sufficient to limit policies to cost reductions. In addition,

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one should, for example, also look at the extent to which the entrepreneurs in the informal sector are properly informed on the steps to be taken to formalize their business and the consequences it will have. In addition to the costs, the benefits of formalization for enterprises should also be determined and communicated to allow entrepreneurs to get a better idea of the cost-benefit ratio.

- 5) Innovative tools to increase formalization, such as a lottery with free tickets for those having paid taxes or linking formalization to relatively easy access to social protection for entrepreneurs and workers in micro enterprises, could be considered.
- 6) A necessary condition for any policy to become a good practice is that the policy must be implemented correctly and run by competent staff.
- 7) Finally, there is a general lack of data and evaluation that convincingly analyse causal effect by relating good practice examples to the actual number of enterprises being formalized as a result.

## VI. RECOMMENDATIONS

The following steps can be taken to introduce and integrate evidence based policy making and evaluation in the business formalization sector:

- 1) Regulatory Impact Assessment (RIA) and Appraisal: A framework should be put in place to assess the past and current policies in their efficiency and effectiveness. Impact assessment studies should be conducted to form the evidence-base for the next iteration of policy change. The framework should, at the minimum, require local and provincial

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authorities to publish RIA reports on a periodic basis, in a manner similar to periodic audits. The assessments can include:

- a) Cost-analysis to compare the costs of different initiatives without considering the outcomes to be achieved (or that have been achieved).
  - b) Cost-effectiveness analysis to compare the differential costs involved in achieving a given objective or outcome. It can provide a measure of the relative effectiveness of different interventions.
  - c) Cost-benefit analysis to consider the differential benefits that can be gained by a given expenditure of resources. It can involve a consideration of alternative uses of a given resource, or the opportunity cost of doing something, compared with doing something else.
  - d) Cost-utility analysis to evaluate the utility of different outcomes for different users or consumers of a policy or service. It can involve subjective evaluations of outcomes by those affected by a policy, programme or project, using qualitative and quantitative data.
- 2) Guidance and Checklist For Policy Makers: A guideline along with a checklist should be developed by the national planning authority (the National Planning Commission) and the Central Bureau of Statistics which shall enable policy makers in all the sectors to ensure that the policies being developed enable the generation and continual use of statistical evidence.
  - 3) Policy Evaluation: Prior to adoption, independent third-party evaluation of policies should be conducted by an appointed body of experts and stakeholders. This evaluation

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should be publicly published. In case of women's business registration, this should include representatives from FWEAN and FNCSI as well as eminent scholars of gender studies and business studies.

- 4) **Incorporating Regional Perspectives into Policy Making:** Policy recommendations should be periodically sought from local and provincial level agencies in order to keep the central level of policy making well acquainted with the regional challenges and perspectives that exist.
- 5) **International Comparisons in Policy Making:** Policies should be accompanied by relevant comparisons with other nations that face similar policy contests and challenges as Nepal.
- 6) **Community Engagement, Connecting with Users and Citizens for getting better Advice and Evidence:** A major finding of the pilot survey was that information regarding policy decisions rarely percolates to the end user, i.e., the citizens affected by the policy. The author highly stresses the importance to substantially improve government outreach to citizens in order to not only inform the citizenry but also to gain insights and advice from the people they serve.
- 7) **Expert Advisory Bodies for Policymakers:** While external expertise is used in policy formulation in the present, their roles should be expanded. Instead of one-time consultations during policy formulation, external experts and stakeholders should be involved in periodic assessments and readjustments of policies.
- 8) **Improving Standards of Research:** The standards set by the Central Bureau of Statistics regarding data collection to ensure comparability should be integrated into the evidence collection mechanisms of the relevant government departments at all levels, local through

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central. Other standards such as codes of conduct, protocols for data storage, publication and distribution, etc., should be formulated and adopted as standard administrative practice.

- 9) Policy Pilots: Wherever feasible and appropriate, policies should undergo a pilot phase to ensure that key learnings are made prior to full-scale adoption and implementation. This can be essential in saving time and resources. It can also help in avoiding unforeseen consequences of certain policy decisions and to gauge public reception of the policies.

Based on the experiences of the pilot survey, the following steps can be recommended to ensure better collection of data during surveys:

1. Information regarding the survey: Information regarding an imminent survey should be disseminated via local authorities prior to conducting the survey. This can help improve respondent participation and reduce apprehension in respondents.
2. Training of enumerators: The enumerators should be trained not only in the survey methodology but also in techniques they can employ to communicate the purpose of the survey and to manage apprehensive and antagonistic respondents. The pilot survey indicated that instances of respondents becoming antagonistic are rare but definitely possible.
3. Alliances with relevant groups and key persons: Creating alliances with local groups and organizations such as cooperative groups, mothers' groups, etc., can be instrumental in ensuring a large respondent count and to ensure that local level support is available when needed.

BUSINESS REGISTRATION

On the business formalization end, the following policy recommendations can be made:

- 1) Since it can be seen that as much as a 50% reduction in the cost of registration is needed to produce significant increases in registration rates, a drastic decrease in business registration cost is recommended wherever feasible. The loss of revenue caused by this reduction is highly likely to be compensated by the increase in tax revenue caused by an increase in business registration in the long run.
- 2) A time-study must be conducted to quantify the time required to register businesses at various levels.
- 3) The time taken to register should be decreased by at least 15%. This can be achieved by ensuring that offices and officers responsible for service delivery are well equipped and well trained to utilise modern-day computing to accelerate the registration process.
- 4) Local level outreach should be conducted to inform business owners of the cost and benefits of registration as well as to train them on the process of registration.
- 5) Information on business registration should be bundled with existing training materials that are being given out by various government agencies to local businesses.

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## ANNEX I

## TABLE OF ACTIVITIES

S.N.	Activity (Date)	Objectives	Results
1	Met with Mr. Kaubin Neupane, Ms. Astha Joshi and Ms. Swadeepa Bohara (6/6/2017)	Discuss how the research could be aligned with existing Daayitwa Programs.	Various research pathways discussed. Concluded that a meeting with the supervising agency was required.
2	Meeting at FWEAN (6/16/2017)	Discuss the scope of my research. Explore existing data. Determine what nature of data is required by FWEAN.	No pre-existing data could be found. Suggestion to work with the Central Bureau of Statistics to design the research. Potential partnerships in the future discussed.
3	Meeting at FNCSI(6/20/2017)	Introduce project objectives to FNCSI officials. Seek local partners that may be strategically important in conducting study.	Discussed FNCSI's current projects. Sought data on the ILO supported project. No progress in establishing meaningful relationships with local entities.

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4	Received Micro Enterprise Development Program (MEDEP) dataset for Kapilvastu (6/22/2017)	Filter and sort data to generate a list of potential interviewees.  Verify that the list of interviewees has no systematic biases or other sources of error.	List of interviewees generated with 1080 female entrepreneurs in Kapilvastu identified by name and address. The registration status of the business owned by the interviewees not determined.
5	Meeting with the Mentor: Mr. Kaubin Wosti (6/25/2017)	Introduce the project and the progress till date.  Discuss future activities.	Insight into the design and operationalization of research gained. E.g. Recruiting MEDEP women entrepreneurs as enumerators.
6	Meeting at DCSI with the Supervisor: Mr. Ananda Raj Pokhrel (6/27/2017)	Introduce the project and the progress till date.  Discuss future activities.  Gain permission to conduct research.  Validate the current research design.	Permission to conduct the research "as designed" granted.  Supervisor informed of the progress and future plan of the research.  Permission to begin work from DCSI offices granted.

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7	Meeting at the Central Bureau of Statistics (6/30/2017)	Identify pre-existing data sources  Identify key personnel in CBS for partnership in survey design and in ensuring replicability	Key insights into replicability of survey gained, e.g., looking at costs, timescales and operational challenges while conducting the study.
8	Round Table at the National Planning Commission (7/06/2017)	Introduce research to key policy makers and high level government officials at the NPC.  Seek insights into the research area.	Project related areas discussed at length.  Key insights into the internal dynamics of high level bureaucracy gained.
9	Meeting with the Mentor and the Coordinator Ms. Astha Joshi (7/11/2017)	Discuss the logistics of the survey.  Discuss the feasibility of conducting the survey in Kapilvastu as previously planned.	Concluded that conducting the pilot survey in Kapilvastu will be too costly and inefficient in the use of resources.  Decision was made to conduct the pilot survey in Lalitpur.
10	Meeting with Mr. Ananda Raj Pokharel (7/15/2017)	Discuss plans for a possible stakeholders' roundtable at DCSI	A tentative agreement was reached to begin efforts to organize a roundtable.

## BUSINESS REGISTRATION

			Questionnaire was discussed briefly.
11	Meeting with the Director General of DCSI (7/21/2017)	Seek permission and funding to conduct a multi-stakeholder meeting at DCSI.	Permission and funding arranged after submitting a formal application to that effect.
12	Multi-stakeholder Meeting (7/25/2017)	Discuss the pilot survey with officials from DCSI, CBS, FNCSI, FWEAN and the Department of Women and Children.	<p>Officials from the Dept. of Women and Children could not attend.</p> <p>Multiple amendments were suggested to the questionnaire.</p> <p>Experience sharing regarding working with rural entrepreneurs occurred.</p> <p>Another roundtable planned after conducting the survey.</p>
13	Enumerator Recruitment	Recruit about 5 enumerators from	14 students volunteered to

## BUSINESS REGISTRATION

	(7/25/2017)	among 5 <sup>th</sup> and 4 <sup>th</sup> year law students.	conduct the survey.
14	Enumerator Training (7/25/2017)	Introduce enumerators to the project and the pilot survey.  Conduct logistical planning.	2-day plan finalized to conduct enumeration in various areas within Lalitpur.
15	Enumeration (7/26-27/2017)	Conduct 300 structured interviews in various parts of Lalitpur.  Collect information regarding the adequacy and effectiveness of the questionnaire and the research methodology.  Iteratively test and improve the questionnaire.	~ 130 interviews conducted.  Interviews conducted at and around :  a) Lele b) Khokana c) Godavari d) Bungmati e) Nallu f) Bardeu g) Lubhu  Questionnaire edited once to fix issues faced in day 1.
16	Follow-up Meeting with Enumerators (7/30/2017)	Gain insights into the challenges faced by the enumerators and seek	A list of challenges and suggestions generated based on

## BUSINESS REGISTRATION

		suggestions for improvement of the survey process and questionnaire.	the two day experience of the enumerators.
17	Data tabulation	Tabulate the collected forms into an Excel sheet.	
18	Writing the Report and Policy Brief (8/20/2017)	Begin drafts on a final report and a policy brief.	

BUSINESS REGISTRATION

ANNEX II

SURVEY QUESTIONNAIRE VERSION I

7/26/2017

BUSINESS REGISTRATION FOR WOMEN SAMPLE SURVEY

**BUSINESS REGISTRATION FOR WOMEN SAMPLE SURVEY**

**1. Full Name**

\_\_\_\_\_

**2. Current Age (Actual or Estimated)**

\_\_\_\_\_

**3. Current Marital Status**

*Mark only one oval.*

- Married
- Unmarried
- Separated, Divorced or Widowed
- Other: \_\_\_\_\_

**4. Level of Formal Education Received**

*Mark only one oval.*

- Grade 5 or lower
- Grade 6 to 10
- Higher Secondary (Grade 12 or equivalent)
- Bachelor's Degree or higher
- Other: \_\_\_\_\_

**5. Number of Children in the Respondent's Care**

\_\_\_\_\_

**6. Average Monthly Income of the Respondent's Household**

\_\_\_\_\_

**7. Do you have any other source of income except this enterprise?**

*Mark only one oval.*

- Yes
- No

BUSINESS REGISTRATION

7/26/2017

BUSINESS REGISTRATION FOR WOMEN SAMPLE SURVEY

8. If yes, how much do you earn per month (in average) from those sources of income?

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9. Why did you decide to open your own business?

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10. Name of the Enterprise

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11. What is the ownership model of your enterprise?

Mark only one oval.

- I am the sole owner
- I am one of two partners that own this business
- There are more than 2 co-owners
- Other: \_\_\_\_\_

12. Have you, at any time, registered your enterprise with any government body?

Mark only one oval.

- Yes
- No

13. If yes, could you list all the agencies where you have registered your business?

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14. Have you, at any time, cancelled the registration of your business from any government body?

Mark only one oval.

- Yes
- No

## BUSINESS REGISTRATION

7/26/2017

BUSINESS REGISTRATION FOR WOMEN SAMPLE SURVEY

**15. Does your enterprise have a PAN?***Mark only one oval.* Yes No**16. Is your enterprise registered as a VAT collecting enterprise?***Mark only one oval.* Yes No**17. What is the principal good or service produced, sold, traded or supplied by your enterprise?**

---

**18. What is the current level of production of that good or service per month?**

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**19. Address of Principal Place of Business**

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**20. Total Capital Investment**

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**21. Number of Permanent Employees**

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**22. Number of Temporary Employees**

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**23. Gender Composition of Employees**

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**24. Estimated Average Monthly Revenue**

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**25. Has your business earnings been increasing or decreasing over the last 3 months?***Mark only one oval.* Increasing Decreasing Unchanged<https://docs.google.com/forms/d/1Oq2gr-T1-twkd-56aLA6SXwZUACyshgqMwbr9lx06WI/edit>

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## BUSINESS REGISTRATION

7/26/2017

BUSINESS REGISTRATION FOR WOMEN SAMPLE SURVEY

**26. How easy is it for you to sell your product/service in the market?***Mark only one oval.*

- I have no problems regarding access to market
- There are some minor barriers to access to the market
- It is difficult to market my products/goods
- Access to market is the major business challenge for my enterprise
- Other: \_\_\_\_\_

**27. How much time does it take to reach the nearest local government office from your place of business?**

\_\_\_\_\_

**28. Is there anyone who can help you with the paperwork to get your business registered?***Mark only one oval.*

- Yes
- No
- I do not know

**29. Have you ever had any difficulty in acquiring certain types of documents required for registering your business?***Mark only one oval.*

- Yes
- No

**30. If yes, could you tell us what document was hard to acquire and why?**

\_\_\_\_\_

**31. Have you ever sought any information regarding business registration from any government office?***Mark only one oval.*

- Yes
- No

**32. If yes, how easy or difficult was it to seek that information?***Mark only one oval.*

- Very Easy
- Easy but I had minor difficulties
- Easy but I had moderate difficulties
- Difficult
- Very Difficult
- Other: \_\_\_\_\_

<https://docs.google.com/forms/d/1Oq2gr-T1-twkd-56aLA6SXwZUACyshgqMwbr9lx06Wl/edit>

7/26/2017

BUSINESS REGISTRATION FOR WOMEN SAMPLE SURVEY

**33. If not, why have you not sought such information?**

BUSINESS REGISTRATION

**ANNEX III**

**SURVEY QUESTIONNAIRE VERSION II**

7/27/2017

BUSINESS REGISTRATION FOR WOMEN SAMPLE SURVEY

**BUSINESS REGISTRATION FOR WOMEN SAMPLE SURVEY**

**1. Full Name**

\_\_\_\_\_

**2. Current Age (Actual or Estimated)**

\_\_\_\_\_

**3. Current Marital Status**

*Mark only one oval.*

- Married
- Unmarried
- Separated, Divorced or Widowed
- Other: \_\_\_\_\_

**4. Level of Formal Education Received**

*Mark only one oval.*

- Grade 5 or lower
- Grade 6 to 10
- Higher Secondary (Grade 12 or equivalent)
- Bachelor's Degree or higher
- Other: \_\_\_\_\_

**5. Number of Children in the Respondent's Care**

\_\_\_\_\_

**6. Average Monthly Income of the Respondent's Household**

\_\_\_\_\_

**7. Do you have any other source of income except this enterprise?**

*Mark only one oval.*

- Yes
- No

BUSINESS REGISTRATION

7/27/2017

BUSINESS REGISTRATION FOR WOMEN SAMPLE SURVEY

8. If yes, how much do you earn per month (in average) from those sources of income?

---

9. Why did you decide to open your own business?

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10. Name of the Enterprise

---

11. What is the ownership model of your enterprise?

Mark only one oval.

- I am the sole owner
- I am one of two partners that own this business
- There are more than 2 co-owners
- Other: \_\_\_\_\_

12. Have you, at any time, registered your enterprise with any government body?

Mark only one oval.

- Yes
- No

13. If yes, could you list all the agencies where you have registered your business?

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14. Have you, at any time, cancelled the registration of your business from any government body?

Mark only one oval.

- Yes
- No

BUSINESS REGISTRATION

7/27/2017

BUSINESS REGISTRATION FOR WOMEN SAMPLE SURVEY

**15. What is the principal good or service produced, sold, traded or supplied by your enterprise?**

\_\_\_\_\_

**16. How much of that good or service did you produce last month?**

\_\_\_\_\_

**17. Address of Principal Place of Business**

\_\_\_\_\_

**18. Total Capital Investment**

\_\_\_\_\_

**19. Number of Permanent Employees**

\_\_\_\_\_

**20. Number of Temporary Employees**

\_\_\_\_\_

**21. Gender Composition of Employees**

\_\_\_\_\_

**22. Estimated Average Monthly Revenue**

\_\_\_\_\_

**23. Has your business earnings been increasing or decreasing over the last 3 months?**

*Mark only one oval.*

- Increasing
- Decreasing
- Unchanged

**24. How easy is it for you to sell your product/service in the market?**

*Mark only one oval.*

- I have no problems regarding access to market
- There are some minor barriers to access to the market
- It is difficult to market my products/goods
- Access to market is the major business challenge for my enterprise
- Other: \_\_\_\_\_

## BUSINESS REGISTRATION

7/27/2017

BUSINESS REGISTRATION FOR WOMEN SAMPLE SURVEY

25. **How much time does it take to reach the nearest local government office from your place of business?**

---

26. **Is there anyone who can help you with the paperwork to get your business registered?**

*Mark only one oval.*

- Yes
- No
- I do not know

27. **Have you ever had any difficulty in acquiring certain types of documents required for registering your business?**

*Mark only one oval.*

- Yes
- No

28. **If yes, could you tell us what document was hard to acquire and why?**

---

29. **Have you ever sought any information regarding business registration from any government office?**

*Mark only one oval.*

- Yes
- No

30. **If yes, how easy or difficult was it to seek that information?**

*Mark only one oval.*

- Very Easy
- Easy but I had minor difficulties
- Easy but I had moderate difficulties
- Difficult
- Very Difficult
- Other: \_\_\_\_\_

31. **If not, why have you not sought such information?**

*Check all that apply.*

- I am not interested in registering my business
- I am not in need of any additional information regarding business registration
- I am not confident if my questions will be answered
- I do not know where to seek the information

BUSINESS REGISTRATION

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BUSINESS REGISTRATION FOR WOMEN SAMPLE SURVEY

**32. Have you recieved any training regarding business registration in the past?**

*Mark only one oval.*

- Yes
- No

**33. If yes, how would you generally rate the effectiveness of the training(s)?**

*Mark only one oval.*

- Very Helpful, I recieved all the information i was seeking
- Helpful but I didnt recieve all the information i was seeking
- Not helpful
- Other: \_\_\_\_\_

**34. How well do you know the process to register your business?**

*Mark only one oval.*

- Completely. I can register my business myself without any outside help.
- I completely understand the process but will need outside help with one or more steps.
- I have limited knowlledge and will require a lot of help.
- I do not know anything about business registration.

**35. Have you previously attempted and failed to register your business at any level?**

*Mark only one oval.*

- Yes
- No

**36. If yes, could you tell us what caused the failure?**

\_\_\_\_\_

**37. Are you aware of the costs involved in registering your business?**

*Mark only one oval.*

- Yes
- No
- Other: \_\_\_\_\_

**38. Could you state an estimated figure for the registration cost?**

\_\_\_\_\_

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