

# Supporting Women Entrepreneurs in Agriculture for Women's Economic Empowerment in Tansen Municipality

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## **Abstract**

This paper stems from the realization of the innovative spirit of the new constitution, and the potential of elected women representatives in local government to bring about women's economic empowerment through thorough promotion of area-specific research on women-owned enterprises. This is an analysis of women entrepreneurs who are involved in the agriculture sector in Tansen Municipality, Province-5. The paper will map out a case for focusing on women entrepreneurs in agriculture for women's economic empowerment. It will highlight key barriers to scaling up that these women face, especially in Tansen, and then recommend possible interventions at both program and policy level. This paper stands at the intersection of local government and women representatives, women-led economic innovation, and agriculture. Through various literature and field work, I find that the problems specific to Tansen are access to finance, lack of human resources, and competition with foreign goods.

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# 1. Background

Developing countries have increasingly recognized entrepreneurship as a promising factor in facilitating economic growth in a country. Female-run enterprises have increased in number all over the world, including Nepal. These enterprises socially and economically empower the women, their families, and the families of other people they employ. Similarly, they also contribute to the growth of local and national economies. In the case of women entrepreneurs, they have been shown to have the same capability as men for running a business, as is proven in a study by Chinonya Okafor and Roy Amalu. As about 65.6% of people in Nepal depend on agriculture according to Statistical Information on Nepalese Agriculture(2008/2009), the focus of many entrepreneur development programs have been focussed on rural women, especially involved in agriculture on a small scale. However, research shows that evidence on the impact of these programs to support women entrepreneurs along with research on them have been limited at best (Cirera, 2014)

The promise of women-owned enterprises to bring about economic empowerment has attracted a lot of attention and interest to help support women in Nepal. These female-owned enterprises are of particular interest in Nepal and Palpa because of various reasons. Women in Nepal, amongst other marginalized communities, have been at the receiving end of the worst of Nepal's socio-economic woes. The Central Bureau of Statistics(CBS) shows that women make up majority of the population of Nepal, and only a quarter of them are the sole breadwinners in their families. Furthermore, in Palpa's case, there are a considerable amount of women more than men. This large gender differential can be explained by factors such as out-migration, the lack of employment opportunities, and the lack of economic support within the area-- all of which are interconnected.

## 2. Rationale of the Study

Preliminary discussions and consultations with the Municipality in Tansen showed a keen interest in supporting local entrepreneurs especially involved in agriculture, without a focus on women specifically. Studies have also shown that women entrepreneurs find it harder to grow their businesses once they have started despite being able to start businesses at twice the rate that male entrepreneurs can (Bharthvajan, 2014). Recognizing the need of supporting women enterprises for women's empowerment and maximizing Tansen's economic growth, this paper seeks to fill the lack of area specific research on women entrepreneurs in Palpa, and the different types of challenges that they face, and suggests recommendations to overcome those challenges to scale up their enterprises.

## 3. History of Women's Economic Empowerment in Nepal

Women are generally considered to be empowered when they are able to maximize the opportunities available to them without any constraints. Blumberg (1984) defines women with economic power as those women who have control of their income and other resources such as land and animals by which they can gain more control of their lives. Sen in 1997, also added the growth of inner self-confidence and capability in the definition of Empowerment that has generally been described or measured using "external" factors. Hashemi and Schuler (1993) go further and have outlined eight indicators for women's empowerment: mobility, economic security, ability to make small purchase, ability to make larger purchases with money they have earned on their own, involvement in major decisions in the household, freedom from violence within the family, political and legal awareness and access, and participation in public protest and campaigning.

The dire state of women in the history both recent and old of Nepal, shows a need for women's economic empowerment. Historically women have been placed in a very low status in the social hierarchy of Nepal. In 1963, the first Muluki Ain, or the National Code of Nepal restricted women's rights to inherit property, in addition to severely restricting their economic options. Similarly, the Nepalese constitution mandates that women should have equal rights to employment as well as equal pay for similar jobs, but in everyday practice this is rarely the case. The Gender Development Index(GDI) shows that the socio-economic conditions for Nepalese women are far worse than for all other South Asian Women. The Gender Empowerment Measure(GEM) ranking of 86 in the world, we can see that women are far behind men in Nepal.

Economic empowerment means gaining control over productive resources so that they can be enabled to make independent financial decisions. Similarly, involvement in the economic sphere would mean supplementing household income and gaining independence. This would be useful for Nepal, as the country is also economically suffering – as shown by its ranking of 160 out of 182 countries listed by IMF for GDP per capita (derived from purchasing power parity). Many women do low-skill and repetitive jobs in the industrial sector, and face lack of education, training opportunities, and employer biases. 40 percent of women are economically active, which is a substantial amount. Most of the women are unpaid family workers who are involved in agriculture, but only engage in subsistence farming.

In Nepal, it can be observed that majority of people own their own livestock. Owners of livestock tend to be generally male, and land and livestock are usually registered in the name of the men of the family or household. The men are often the sole owners as well. Based on calculations of the female share of income that households generate, we find that women earn approximately one third of the average household income. We also find that the

female share of the aggregate household income is between 55% and 60% from agricultural production, and 44% and 41% of incomes from business activities and regular wage income. In foreign employment, only 10% is the female share of aggregate income, showing that it is the men that often turn abroad for financial gains.

Furthermore, just looking at the economic side doesn't paint a full picture for the history of women's economic empowerment in Nepal. The socio-political scene sets out the canvas for women's economic empowerment, as policies and programs that come from the top often facilitate or come in the way of economic empowerment. The 2015 constitution of Nepal, Article 38(4) gives women the right to proportional representation. Quotas were in place. The Election Commission mandated that 40.4% of all seats be reserved for women. In the Case of the deputy mayor and mayor of a Municipality, there was a mandate that one out of those two positions be for women. However, despite the 50% quota for mayor or deputy mayor, the men still outnumbered women for the "higher" seat of mayor. 91% of all seats for deputy mayor had been taken by women. Similarly, most of the seats for mayor had been taken by men.

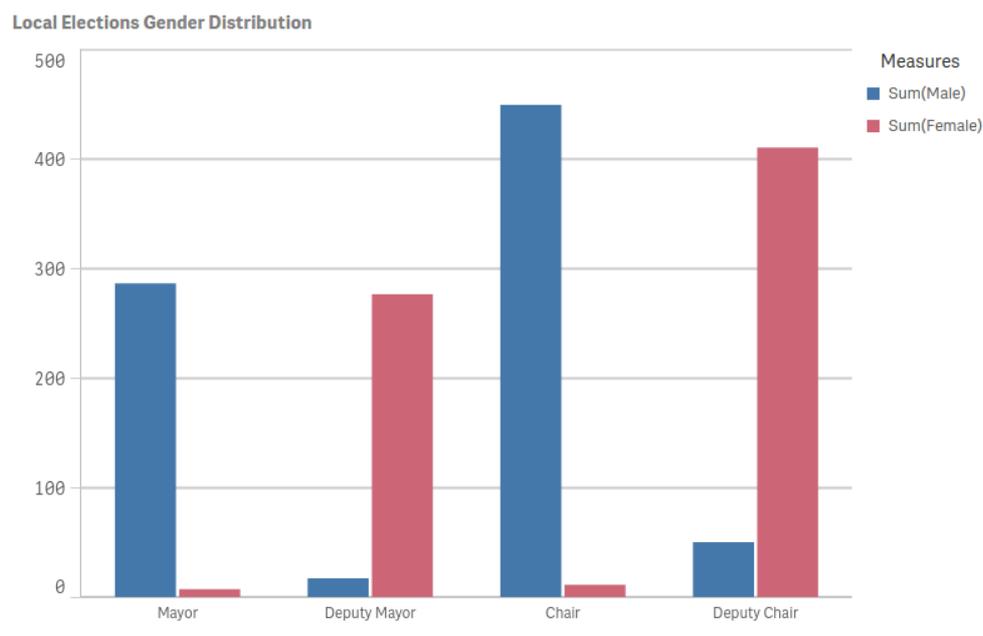


Figure1: Representation of women in the mayor, deputy mayor, chair and deputy chair positions. (The Record 2018).

## 4. Women Entrepreneurs and Agriculture in Development

In Nepal's context, the Government of Nepal (2013) mandates that an enterprise is to be called a micro enterprise if it has no more than NRS 2,00,00.00 as fixed capital investment, and has up to nine employees—including the entrepreneur. In the same way, in micro-entrepreneurship development programs of Nepal, women cover the highest percentage among different target groups. The census data published by the Central Bureau of Statistics(CBS) shows that 43.1% of females are living in rural areas, and 25.2% of all the females in Nepal are the sole breadwinners for their families. Furthermore, it is estimated by the Central Bureau of Statistics that out of the total registered collage and small scale enterprises in Nepal, only about 2 percent are led by women.

The promotion of women entrepreneurs has been the focus of many government, non-government, and International non-government programs; one of the more notable programs in Nepal has been the Micro Enterprises Development Program(MEDEP). This program helps create job opportunities for women and contributes to the enhancement of economic growth. Similarly, the Women Entrepreneurs Association of Nepal (WEAN) have been working since 1989 to increase the capacity of existing women entrepreneurs as well as the creation of more women entrepreneurs. Similarly, UNDP and Australia Aid have initiated and carried out various programs focused on establishing woman led enterprises. The advent of women entrepreneurs in Nepal is generally new, even though there are ethnic communities such as the Newars or Tharus, where women have owned businesses for a really long time. In recent years, Nepalese women entrepreneurs have started enterprises like textile, garments, carpets, hosiery, handmade paper crafts, cane and bamboo products, handicrafts, boutique

and fashion designing, tourism, banking and cooperatives, Dhaka fabric, pashmina weaving, etc. (MEDEP, 2016). A 2012 World development Report on Gender and Development found that Female entrepreneurs are more likely to operate in the informal sector or in traditionally female sectors. Social norms are one important factor accounting for this.

Gender-specific constraints to entrepreneurship according to World Bank Policy Research Working Paper 5571(Chamlou, et.al., 2017) are in the areas of: human capital, access to information, access to finance, institutional factors, policy/legal, social/cultural norms, and selection of sector. Women farmers in Nepal often do not have the same access to the same resources that men do. However, it is estimated that if they did have this access, they would be able to increase farm yields by 20-30 percent. There is untapped potential in focusing specifically in women entrepreneurs in agriculture.

## 5. The Case for Women's Economic Empowerment through Women Agro-Entrepreneurs in Palpa

### 5.1 Demographics of Tansen Municipality

Tansen Municipality is the headquarters of Palpa district, Province-5. After the 2016 local elections, the key elected representatives are Mayor Mr. Ashok Kumar Shahi and Deputy Mayor Mrs. Laxmi Pathak. Consultations have also shown that the Mayor shows a keen interest in furthering entrepreneurship in Tansen, by finding and supporting 300 entrepreneurs who are involved in agriculture and livestock. The deputy mayor strongly believes in the empowering women, and is in a unique position where she can do so with the budget decisions being made by her, given her position has enough support and authority within the municipality. The literacy rate of Tansen for women is 83.09 %, while it is 93.22% for men.

## 5.2 Migration and Unemployment



Figure 2

*Labour Migration for Employment | A Status Report for Nepal: 2014/2015*

If we look at the current data that is available to us, we see an emergency. One in every four Nepali households (25.42%) report that at least one member of their household is absent or living out of the country, of which 44.81% are aged between 15-24 years. Most of these absentee migrants are men (87.6%), who are often the breadwinners of their households (Nepal Population Report, 2016). Similarly, in Palpa The out-migration of men is substantially much higher than that of women, as shown in figure 1. This migration of men has caused there to be a huge gender differential in terms of population. Based on findings from the Central Bureau of Statistics, from 2011 to 2031, there are consistently at least 30,000 more women than men at any given point. This is not a disadvantage if we can tap into this population to maximize total economic gains. In Tansen specifically, the total household is 8,411. The absent population is 2,64, out of which 2,358 of them are men (CBS, 2011). Similarly, most of the population also falls below the age of 40.

The increase in out-migration of working men is having a dramatic effect on Nepali women. There are both challenges and opportunities for Nepali women now. The women

have always played an important role in agriculture, however this effort that sustains 80% of the population often goes unnoticed or unrecognized. With men leaving in droves, women have had to step up and become leaders.

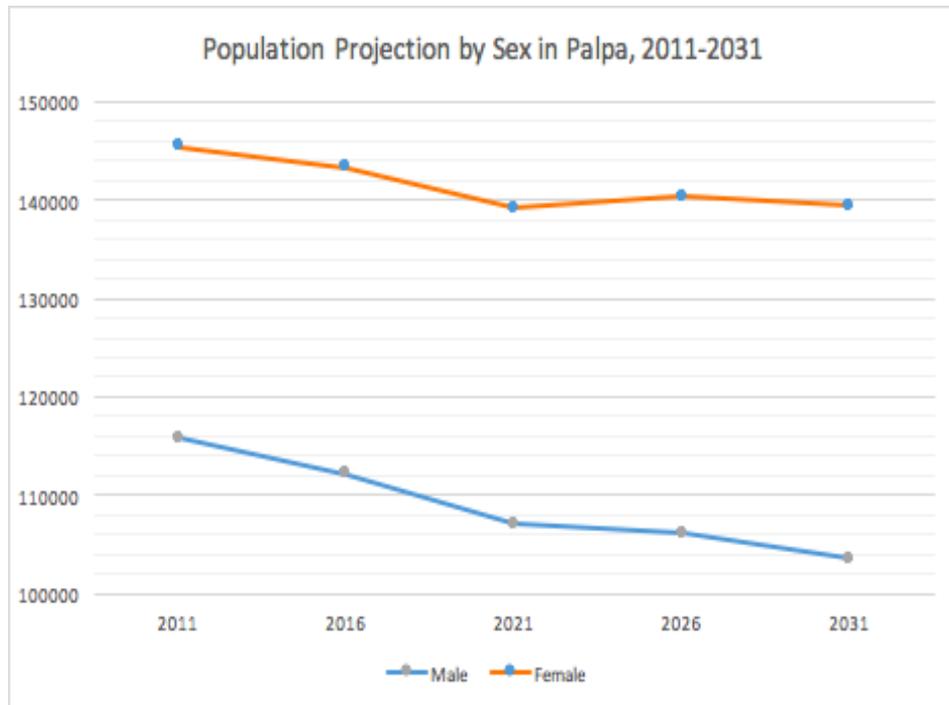


Figure 3. Projected Population growth of Men vs. Women/ A Status Report for Nepal: 2014/2015 (CBS)

### 5.3 Geography of Tansen Municipality



Figure 4: Palpa on the Map of Nepal

Palpa covers an area of 1366 sq. kilometers and varies from 152 to 1996 meters (Palpa DDC, 2013). With temperatures ranging from 4 Celsius to 32 Celsius and an average rainfall of 1903mm, Palpa has a tropical climate that supports diverse agricultural practices. People in Palpa are engaged in vegetable and fruit production, dairy farming, bee and silk-worm keeping, and mango grafting; amreso, cinnamon, and ginger are exported internationally. Tansen is particularly known for its production of Dhaka fabric, and Karuwas. Agriculture is one of the primary ways that people in Tansen earn their livelihoods. Recently women have taken up new practices of growing tomatoes and lemons, with the use of tunnels and greenhouses that has been successful.

## 6. METHODS

I adopted a primarily qualitative approach to this study. My time during the fellowship was divided into three main parts: secondary data collection, primary data collection through field work, and post-research analysis.

My primary method of data collection was through key informant interviews in Tansen. I asked both closed and open-ended questions; mostly open-ended questions were asked where we followed a semi-structured format. These KIIs were important as they provided me with valid, and in-depth information from the key stakeholders that I had mapped out before-hand. I divided the people into groups of: subject, supporters, facilitators, external help in the women's economic empowerment process. Through these discussions questions pertaining to their backgrounds, views on WEE, challenges faced, opportunities, and future needs were asked.

Since I was mostly based in Kathmandu, I had to form most of my understanding of the topic at hand using the secondary data that was available online. My initial plan for the research was to conduct a sectoral analysis. Based on initial findings, it seemed that there

seemed to be a lack of clear understanding of what sectors would be best for women in Tansen to gain entry to and get support in. By doing this sectoral analysis, I would be able to find up to three main sectors that would be ideal for women, sectors that have been primarily male dominated. I would assess the barriers of entry, mention socio-economic gains available through entry, and suggest ways through which women in these sectors could be supported and promoted. However, due to time constraints and budgetary constraints, I found that this could not be possible. Because agriculture is the primary source of income for women in Tansen, I narrowed my topic of research down to women entrepreneurs involved in agriculture.

For the first month I did literature reviews, researched online, and read reports and books about Tansen. A lot of the information I got had to be discarded after the topic was changed, but a lot of the information was still applicable and useful. After a month of this secondary information, I went to Tansen for a week to do my primary research. Focus group discussions were on the agenda, which would have been helpful in snowballing in finding deliberate sample, but due to weather constraints only 2 FGDs were feasible.

## 7. Findings

### **7.1 Competition with Foreign/External Goods**

One of the primary reasons that the farmers in Tansen struggle so much is because they cannot compete with goods coming in from outside. Market observation and conversations and interviews revealed that the goods that come from outside—mostly India through Butwal—come at a very cheap price. This isn't just a problem in Tansen. This is a problem in all of Nepal. Literature points towards the country's low competitiveness which is a result of poor infrastructure, governance, access to credit, support, and regulations. This inability to compete with foreign prices disenchant farmers and prevents them from wanting to continue

with their agri-businesses. This causes people to not only leave the agriculture sectors, but Tansen and Nepal in general.

The trade deficit that exists mainly hurts the agriculture sector. Nepal imports primary and industrial raw materials and processed agricultural products largely due to limited investment and competitiveness in producing high-value agro-processing. Farmers in Palpa complain that because the goods coming from outside Tansen aren't regulated, or that the good in Tansen aren't prioritized, they suffer.

Farmers in Tansen complained of their cost prices being from 50% to 100% higher than marked prices of agro-goods coming in from outside. Disincentivising working as an entrepreneur in agriculture.

<b>Comparative figures</b>		
	<b>2009-10 (annual)</b>	<b>2017-18 (first five months)</b>
<b>Export</b>	Rs 59.39bn	Rs 33.72bn
<b>Import</b>	Rs 368.38bn	Rs 432.48bn
<b>Trade deficit</b>	Rs 308.99bn	Rs 398.76bn

Figure 5: Trade deficit balloons to Rs 398.76 billion (Himalayan Times)

## 7.2 Lack of Human Resources

The issue of lack of human resources existed at various levels in varying degrees in Tansen. First, a point that was brought up frequently was that if women wanted to scale up their businesses, they would need the support of their families. For example, if one women entrepreneur or farmer wanted to go from owning a minimal amount of livestock to be able to

start a dairy farm by owning 30 more cows of buffalos, then it might be important to get the rest of the family or the husband's support as well – target where the power actually lies currently. In addition to not always getting the support of the family, external support is actually required at the field. This includes manpower, or hiring extra hands for the field. However, due to the nature of the small scale enterprises, hiring manpower is often too expensive.

There is also a lack of people in Tansen, Palpa. In the figures above, it was shown that the outmigration from Tansen, Palpa is really high. Young people often don't consider careers in agriculture as there are more opportunities for financial success in either Kathmandu or abroad. So while unemployment is rising, there is still a lack of people who are willing to work in agriculture.

### **7.3 Access to Finance**

The challenge of not having access to finance also operated at two levels: local government, and local farmers. Budget that comes down to the local government or at the municipality level is a substantial amount, but there is an issue of prioritization. Most of the budget is allocated towards infrastructural things such as building roads. Minimal amount goes towards uplifting marginalized communities. In the case of Tansen, in 2017, the municipality allocated 5 lakhs for each ward to use to uplift the marginalized communities. This group included the elderly, children, and women. So when the money was further divided down, only an average of 60 thousand or so would go for women's empowerment. Very little can be done with this amount of money. The women on the field spoke of the importance of investment and extra finances to scale up their enterprises. Without special schemes, and access to money, especially without the DOAD in place or organized, it is difficult for women farmers to gain finances to expand their enterprises.

## 8. Discussion and Conclusion

The three main challenges that the women entrepreneurs faced in trying to scale up were the three mentioned above. These three are very interconnected, and contribute to each other. Lack of human resources demand higher needs for finance; lack of finance and investment creates a lack of money to give manpower that creates a lack of available hands to help, and lack of finance at the local government level makes them less able to enforce regulations on external competitors, which then again causes people to leave the country because they can't earn enough or compete. Mentioning the three above isn't to say that these are the only challenges faced by rural women entrepreneurs. There were issues such as confidence level, access to information, and social biases that came up. Those were mostly mentioned in the literature available. These are simply the issues that came up most in the context of Tansen, within the time constraints.

## 9. Recommendations

### **9.1 Tackling Competition with Foreign/External Goods with Price Floor**

To promote the production of local goods, and to support the spirit of entrepreneurship in Tansen, especially amongst the women of Tansen it is recommended that the Municipality of Tansen put strict regulations upon goods coming from outside. With thorough discussion involving the local farmers, and local farmer's groups, it would be useful to reset the marked standard price and call for stricter implementation. The price floor would prevent the local farmers from not being able to compete with external goods. This would incentivize production in the

municipality. Similarly, for external goods, there should be set areas and days where the products can be sold, so as to not encroach upon the market of the local goods.

## **9.2 Family Financing Schemes for WEE**

To promote women's economic empowerment, we established that familial support is also required. By having loans and schemes from cooperatives be targeted at either married couples or families, it's not just the women who will be getting empowered, but the men who have been compelled to leave their homes for work abroad as well. In doing so, the men can also receive trainings and extra information. This helps with the issue of not having human resources as well, as less men will be migrating abroad for jobs. This also increases the overall awareness of the municipality as the men will be more aware of supporting women or taking initiatives together.

## **9.3 Opportunity Fund (OF) Setup**

Given the success of programs that challenge the people to be innovative and develop enterprises; an opportunity fund should be set up. With the budget that comes into local government, there should be a fund that people can apply for. It will be a competition where the contestants will have to apply through a set procedure, pitch their ideas for a scaled up version of their business of enterprises. At the ward level, the ward council will judge and select the best contestant with the most potential to make the most of the reward. The winning entrepreneur will win a certain amount of investment, publicity, and technical support to scale up their enterprise. This fund might spur innovation, interest in business, and lively competition in the communities.

**9.3.1** Within the OF, the local government could also play a role in matchmaking: setting up one women-owned enterprise with potential local consultants that would help them find other investors.

#### **9.4 Deputy Mayor's Program for Women**

Economic empowerment and social empowerment are almost the same side of the same coin. 91% of all deputy mayors in Nepal are women. To support the deputy mayor in Tansen, and also support the women entrepreneurs of Tansen, it would be beneficial for there to be a special deputy mayor's program for women. This program would allow there to be increased communication between the deputy mayor and the denizens of Tansen. Furthermore, more women of Tansen would be familiar with local government, which might empower them to be involved with politics in the future. This can be made possible by having monthly meetings. Furthermore, by institutionalizing a committee with members from different mothers' groups and such, we can ensure continuity, diversity, and representation.

#### **9.5 Encourage Sectoral Study to support Women Entrepreneurs**

I would recommend that research be done at a sectoral level. There isn't enough research available in Nepal, or in Tansen. If a sectoral analysis is done thoroughly in Tansen then we would get a clear understanding of women's roles and potential roles in various key or target sectors in Tansen. By understanding barriers to entry, and potential socio-economic gains available, the local government and various NGOs could target their efforts at specific sectors with specific outcomes in mind so as to have very deliberate development and change.

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