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Final Report: Assessment of Distribution Systems and Costs of Nepal CRS Company's Health Commodities , Nov 2012

FHI 360

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COR: Mr. Pangday Yonzone

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Assessment of Distribution System and Costs of Nepal CRS Company's Health Commodities

Final Report

This document outline the assessment of CRS's extensive distribution network for its effectiveness, efficiency and per unit costs of reaching hard to reach areas of Nepal

11/30/2012

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Overview

The Nepal CRS Company (CRS) came into existence on May 31, 1978 as a pilot project of the Nepal Family Planning/Maternal Child Health (FP/MCH) Project of Ministry of Health, GoN (Government of Nepal) with the prime mission to strengthen national family planning and primary health care programs of His Majesty's Government of Nepal by enhancing the level of knowledge and awareness regarding family planning methods/contraceptives and creating demand by dispensing contraceptive products using the retail and medical shop dispensing system. In August 1983 CRS acquired a corporate stature by becoming a non-profit private limited company, incorporated under the Company Act, 2021 B.S.

The CRS Board of Directors, which represents the shareholders of the company, oversees and responds to significant internal management and activities of CRS. CRS shareholders include both the government and the private sector including major NGOs. Since inception, CRS program operation cost has been financed by United States Agency for International Development (USAID) with additional donor support from Kreditanstalt Für Wiederaufbau (KfW) of Germany since 1997. CRS Social Marketing program includes family planning products, Oral Rehydration Salt, Clean Home Delivery Kits and other health related products.

Under the GGMS project FHI360 seeks to improve the institutional sustainability of Nepal CRS Company (CRS) and also to increase availability and accessibility of health products in hard-to-reach rural areas. The program will assist the Government of Nepal to expand the depth, reach and impact of the private sector in social marketing, by providing low

Project Objectives

A key objective of the GGMS project is to increase the use of high-quality family planning, reproductive health and maternal and child health products and services in 49 hill and mountain districts through private sector providers. This will contribute to the Government of Nepal's efforts to reduce the number of unwanted pregnancies and to improve maternal and child health. As part of this effort, the GGMS project seeks to gain a clearer understanding of the challenges, opportunities and costs regarding distribution of public health commodities through CRS. AED has invited MART to submit a technical and financial proposal for assessing Distribution System and Costs of Nepal CRS Company's Health Commodities

cost supply of maternal and child health, family planning and HIV prevention products and services.

Objectives of Study

1. Conduct an assessment of existing supply chain management system of CRS with emphasis on its distribution system:-
 - Develop a detailed activities plan including: methodology and approach, data collection and analysis plan, timeline for activities and report submission.
 - Prepare list of informant stakeholders. It could include CRS Senior Management, CRS Area Managers and field-based staff, distributors, wholesalers, retailers or consumers.
 - Create necessary tools to collect information (e.g. questionnaires, discussion and/or interview guides for focus groups or in-depth interviews with key stakeholders).
 - Conduct assessment in Kathmandu as well as the selected districts.
 - Document the findings about the reach, scope and gaps in the current system.
2. Measure the per-unit distribution costs associated with CRS's products given the current supply chain structure and review existing product-pricing structure to ensure compatibility.
 - Develop tools and/or frameworks to calculate per-unit product-specific cost and capable of projecting what if scenarios.
 - Make recommendations of appropriate tools, frameworks and processes to close gaps in the current product distribution system with emphasis on increasing product coverage at competitive cost.
 - Improve processes that CRS can use both at its head and field offices (e.g. route planning, targeting, etc.) for increasing coverage and optimizing pricing strategy responsive to differences in distribution costs to different geographic areas. Where appropriate, provide templates, tools or frameworks that can be adapted and/or used by CRS.
 - Monitor progress over time with indicators relevant to system effectiveness and efficiency

Scope of Work

1. Develop a detailed activities plan including: methodology and approach, data collection and analysis plan, timeline for activities and report submission.
2. Prepare list of informant stakeholders. It could include CRS Senior Management, CRS Area Managers and field-based staff, distributors, wholesalers, retailers or consumers.

3. Create necessary tools to collect information (e.g. questionnaires, discussion and/or interview guides for focus groups or in-depth interviews with key stakeholders)
4. Conduct assessment in Kathmandu as well as the selected districts.
5. Document the findings about the reach, scope and gaps in the current system.

From the brief and deliverable mentioned MART would like to approach the assignment under the following heads in a non – overlapping structured manner.

1. **Review CRS's existing product line, document the scope and reach** of CRS's existing commodity supply chain in the selected districts with a specific focus on working with CRS staff to gain a better understanding of the company's Customers and market dynamics.
2. **Measure the per-unit distribution costs** associated with select CRS's products (condoms, oral contraceptives, inject able contraceptives, and oral rehydration salts) in specific geographic areas, given the current supply chain structure and review existing product-pricing structure.
3. **Develop strategy to modify or add on to its existing system** of CRS in order to generate greater product coverage while at the same time creating cost efficiencies. Provide recommendations as to ways in which the company can use its unique capabilities in reaching underprivileged and vulnerable population in hard-to-reach areas.
4. **Develop strategy to improve processes** (e.g. route planning, targeting, etc.) for CRS field-based staff in terms of better coverage and pricing strategy changes to reflect differences in distribution costs to different geographic areas.
5. **Develop per-unit product-specific costing** scenarios based upon recommendations.
6. **Assist CRS in developing an operational plan** for executing the recommendations, which will include a plan for developing capacity as needed and providing follow-on technical assistance.

The plan will include a **matrix or framework that will allow CRS to monitor progress** over time, including specific indicators of progress.

Assessment Methodology

Geography

To gain holistic view of CRS distribution system a study had been conducted in 22 districts falling in five development region of Nepal. Table given below shows district covered in 2 trips of Nepal.

Geography & Sample Plan

Trip	Date	Districts Covered
1	26 th April, 2012 to 10 th May, 2012	Khotang, Bhojpur, Terhathum, Sindhupal Chowk, Dolakha, Lalitpur, Dhading, Gorkha, Manang, Myagadi, Banke, Jhajarkot & Rukum
2	18 th June, 2012 to 2 nd July, 2012	Bara, Sarlahi, Mohottari, Siraha, Arghakhachi, Gulmi, Mugu, Kailali, Dadheldhura, Achham & Bajura

Table 1: Locations Covered in Trips



Serious of In-Depth Interview (IDI) of different stakeholders (area manager, distributor, wholesaler, RFR, non-traditional outlet, traditional outlet, tractor driver, mule owner, porter and bus driver) was conducted to discover logic of distribution ecosystem, which later gets fabricated with researcher field experience & help them in identifying its shortcoming. Below table shows number of IDI conducted at 22 locations.

Methodology

MART team had conducted in-depth interview of different stakeholders of project and earned practical experience of country's culture, geographically challenges, fundamental infrastructure availability, healthcare facility and political environment, which in returns helped team members to understand reality and shape recommendation for CRS to succeed in economical coverage of difficult locations.



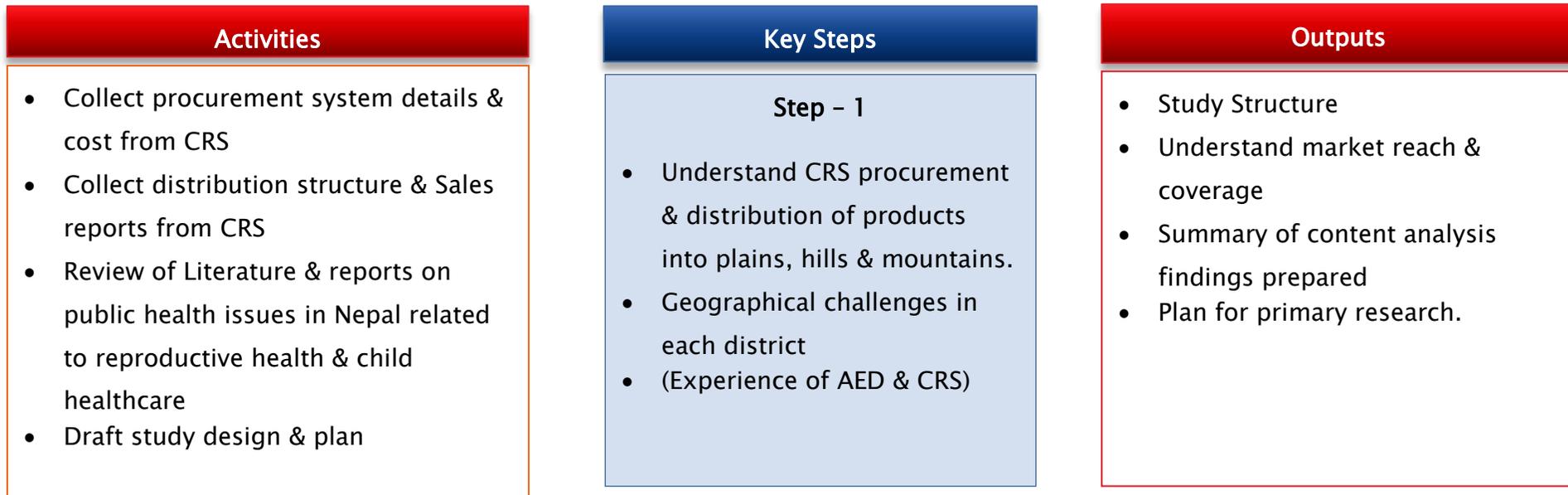
Cognizing to Current Distribution Ecosystem



Recommendations for Economic Product Coverage

Figure 1 : Structural Depiction of Analysis Framework

Analytical Framework





Step - 2

Assessment of reach supply, chain mapping, market coverage, product coverage.

- Design tools & discuss it with the experts, AED
- Discussion with key stakeholders identified, AED, CRS, Distributor, TO, NTO, Consumer.
- Primary research through Field visit to Nepal.
- Interaction with sample stakeholders to collect information using research tools.
- Data Analysis.

Understanding of CRS Distribution model, practices, reach & gaps.

Cost Analysis of the product delivery by CRS.

Understand pharmaceutical & FMCG distribution in *Hard to reach* geographies. Asses cost of delivery for the non CRS products.



Step - 3

Formulation of Distribution Strategy

- Compilation & analysis of findings.
- Feedback from distribution experts
- Finalization strategies in consultation with the core team members

Draft report with distribution mapping, costs of distribution, market coverage & product coverage.

Recommendations on distribution structure, market coverage, efficiencies, route planning, journey plan & other distribution aspects.



- Receive Feedback from AED/FHI
- Additional analysis of field data if required

Step - 4
Preparing Final report

Final report with strategies & recommendations for CRS to improve distribution efficiency.

Assessment of Distribution Network

Nepal is divided into 14 Zones and 75 Districts, grouped into five Development Regions. Each district is headed by a permanent chief district officer responsible for maintaining law and order and coordinating the work of field agencies of the various government ministries. The five regions and 14 zones are:

Eastern Region (Purwanchal)

1. Koshi
2. Mechi
3. Sagarmatha

Central Region (Madhyamanchal)

4. Bagmati
5. Janakpur
6. Narayani

Western Region (Pashchimanchal)

7. Dhawalagiri
8. Gandaki
9. Lumbini

Mid-Western Region (Madhya Pashchimanchal)

10. Bheri
11. Karnali
12. Rapti

Far-Western Region (Sudur Pashchimanchal)

13. Mahakali
14. Seti



MAP 1 : Regions of Nepal

By far from the approach to the field interactions and reaching the Hard to reach areas for assessment was random sequence but locational accessibility had been taken into account. However for the ease of the read and logical steps to the conclusions the report would follow the above box approach in the findings.

Eastern Region

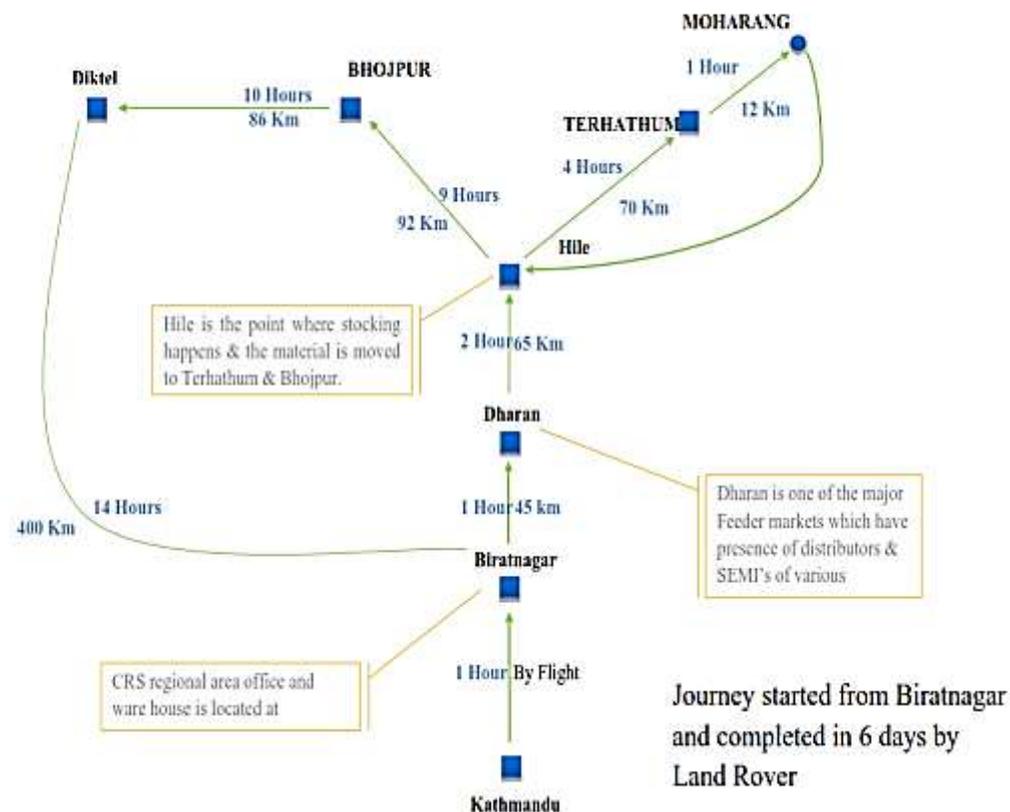
The Eastern Region (ER) of Nepal has three eco-zones: mountains, mid hills and the Tarai that vary between an altitude of 60 m and 8,848 m. Administratively, the region is divided into three zones (Mechi, Koshi and Sagarmatha), 16 districts, 893 Village Development Committees (VDCs), 1 Sub metropolitan city, and 13 Municipalities. Around 550 large and medium companies are operating in the following industries: agriculture and forestry, manufacturing, mining and quarrying, electrical, vegetable oil and garments. Dhankuta is the regional headquarters of the ER. However, most regional level services are available in Biratnagar. All district headquarters are connected by road and six remote districts have air services. Nonetheless, geographical isolation and the lack of bridges at most of the river crossings are major accessibility challenges.

Snapshot of Study Locations

Demographic Indicators

District	Total Population	Male	Female	Avg. Household Size	Total Households
Morang	1028362	515748	512614	6	204735
Sunsari	11,00,211	551782	548429	7	219039
Dhankuta	186,835	91,848	94,987	6	36,554
Terhathum	123158	59811	63347	6	22519

Eastern Nepal



Bhojpur	206887	99625	107262	5	40233
Khotang	246157	120024	126133	6	45603

Table 02: Demographic Indicators of Districts

Family Planning Statistics

District	Particulars	Condom	Pills	Depo	IUD	Norplant	Total sterilization	Total all methods
Morang	New Acceptors	4309	2959	9304	304	517	4163	21556
	Current Users	4309	5514	18080	3733	4545	92452	128633
	CYP	4309.29	5242.77	15168.25	2432	2585		
Sunsari	New Acceptors	3655	2115	6169	251	301	1595	14086
	Current Users	3655	5653	16298	1160	1423	42358	70547
	CYP	3655.33	4492.38	13547	3928	1570		
Dhankuta	New Acceptors	1403	1449	2463	115	211	137	5778
	Current users	1403	1949	5293	343	465	4072	13525
	CYP	1403.3	1193.15	4129	1200	1055	-	-
Terhathum	New Acceptors	914	826	1505	103	75	77	3500
	Current users	914	705	2160	197	178	2139	6293
	CYP	914.84	557.08	1978.75	824	375	-	-
Bhojpur	New Acceptors	1509	865	2355	66	6	40	4841
	Current users	1509	1407	4810	259	51	2930	10966
	CYP	1509.77	1092.92	4479.75	528	30		
Khotang	New Acceptors	1043	1466	2496	47	69	53	5174
	Current users	1043	5453	9573	263	301	2879	19512
	CYP	1043.87	997.08	3056.25	400	345		

Table 03: Development Indicators of Districts

Health Facility

District	Hospitals Govt	PHCC	HP	SHP	Outreach	EPI Clinic	NGO/INGO/PVT
Morang	2	7	10	49	289	335	12
Sunsari	1	5	7	40	176	303	12
Dhankuta	1	2	11	24	129	150	3
Terhathum	1	2	9	20	115	118	2
Bhojpur	1	3	9	51	192	192	2
Khotang	1	2	8	65	240	235	NIL

Table 04: Health Facility Indicators of Districts

Profile of Districts

Morang

Morang is part of Koshi zone and lies in eastern Nepal. Biratnagar is district headquarter and covers an area of 1,855 km and has population of 10, 28,362. Morang plains are one of the most culturally diverse regions in Nepal. Morang touches border with India to the south, and the districts of Sunsari to the west and north, Jhapa to the east, and Dhankuta to the north east. Morang is the largest industrial hub in the country and many higher education institutes are present at Morang like Morang Campus, Purvanchal University etc. Biratnagar is sub-metropolitan city and district head quarter of Morang district. It is second largest city after Kathmandu and largest industrial hub of the country. Some of the country's oldest industries are located at Biratnagar like Biratnagar Jute Mills and Dhanawat Matches. Biratnagar being an industrial town is well connected by road and air medium. This city also considered as centre of education in eastern developmental region of Nepal where education on diverse fields are available like engineering, medical, arts etc.

Sunsari

Sunsari District is part of Koshi Zone, is one of the seventy-five districts of Nepal. The district, with Inaruwa as its district headquarters, covers an area of 1,257 km² and has a population of 11, 00,211. The area was originally part of Morang but became its own district in 1962 when

Nepal was divided into 14 zones and 75 districts. Major cities in Sunsari district are Dharan (the third largest city in Nepal), Itahari, Tarahara, Duhabi, and Inaruwa.

Dhankuta

Dhankuta is hill town of Nepal lies on the North–South Koshi Highway; Dhankuta is the administrative headquarters for the eastern development region and home of a number of offices for NGOs and aid agencies serving in the area. The large bazaar of Hile further up the road is an important trading centre and major road head, serving the remote hinterlands of the Arun valley and Bhojpur district. Villagers walk for many days from surrounding districts to trade in Hile and Dhankuta bazaars. Here majority of the population is involved in agriculture and crops include maize, rice and millet.

Terhathum

Terhathum is a part of Koshi Zone, with Myanglung as its district headquarters. Terhathum covers an area of 679 km² and has a population of 123,138. Therathum is a word also used to mention Myanglung Bazar which is the district headquarters of Tehrathum. Tehrathum comprises total 32 village development committees or local administrative divisions with 9 sub–divisions within each VDC called wards.

Bhojpur

Bhojpur district a part of Koshi Zone. District headquarter of district is also known by Bhojpur. Bhojpur district covers an area of 1,507 km² and has a population of 206,887. Balankha is one of the growing towns in the southwest area of Bhojpur. Balankha borders with neighboring Khotang district's Bopung village. Balankha is slowly emerging as another hub of education, communication, health and trade. The most distinctive thing about Balankha is its famous Chhongkha Sakela celebration

Khotang

Khotang district a part of Sagarmatha Zone of eastern Nepal. The district has Diktel as its district headquarters, covers an area of 1,591 km² and has a population (2001) of 246,157.

CRS Distribution

CRS area office & warehouse is located at Biratnagar and consisting of 7 employees. CRS has appointed 6 distributors in the eastern development region of Sagarmatha, Koshi and Mechi. Whereas Koshi zone have 3 distributors, Sagarmatha and Mechi zone have only 2 and 1 distributor respectively. The local area office at Biratnagar is fully responsible for eastern region. All product stock is shipped from Kathmandu CRS warehouse to the Biratnagar Warehouse. CRS distribution system broadly is structured like the below given diagram. Based on the first

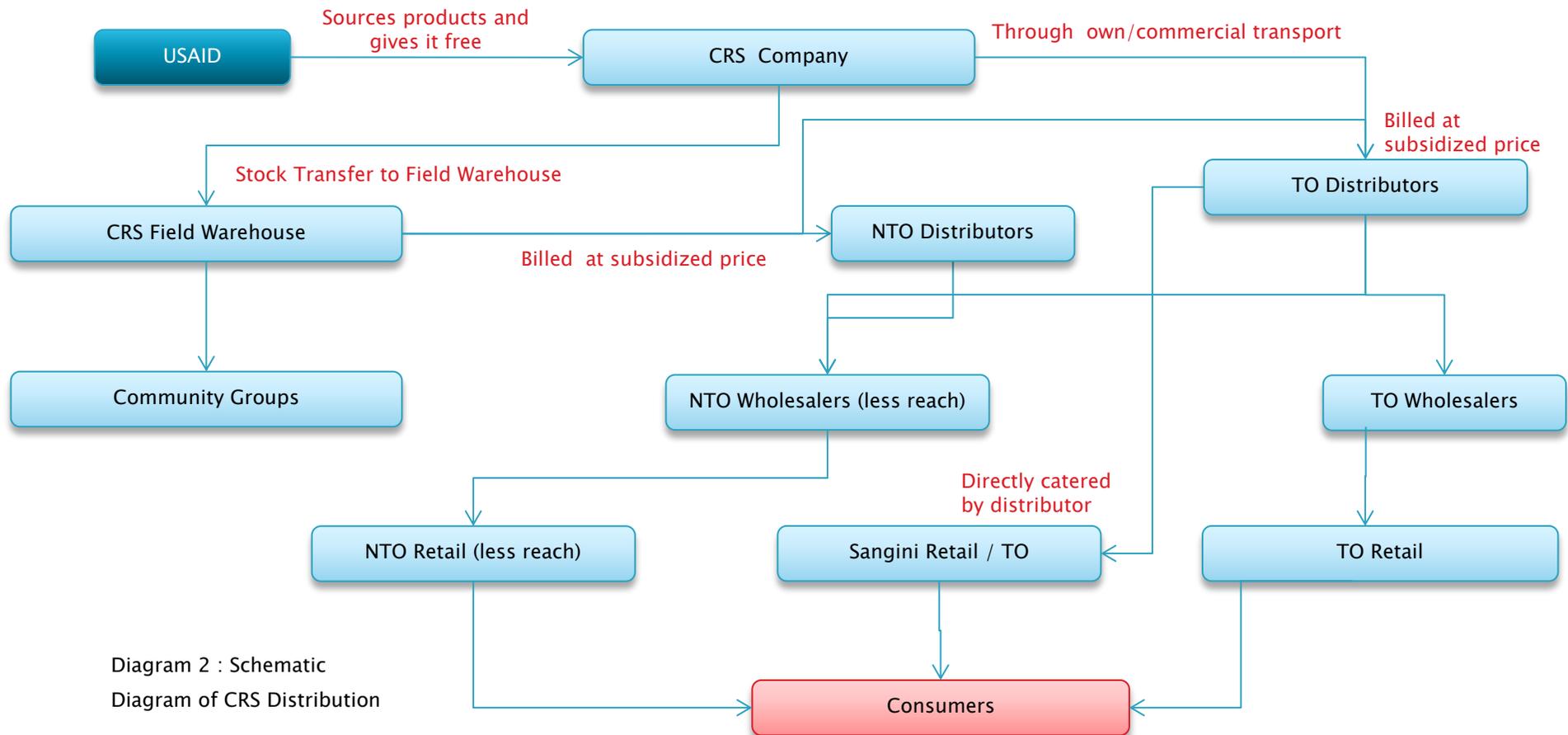


Diagram 2 : Schematic Diagram of CRS Distribution

inputs a further into the distribution intricacies was initiated to probe and understand the cost and implication involved with it.

Intent of Locations in Study

The intent of the travel as depicted in the diagram 1 had the following hypothesis for understanding the distribution more so about the hard to reach areas

1. Starting from origin of the products that is the CRS base to the locations in the plains, followed by the journey into the hill terrain summed finally by assessment at the mountain location – each should give an incremental difference in the terrain and the cost implied to it.
2. By tracking the material and product movement an attempt is made to understand the cost implication of the movement through the terrains
3. Key insights into the different channels and their modes of taking the product – more so why they are taking it.
4. Finally draw relevant understanding that can form part of the whole new strategy to be adopted in the coming years for CRS making sure that their products reach the target audience at the most affordable cost.

Findings from the Study

From the above profile of the location and the assessment of the distribution channel the following construct can be created for the Eastern Development Region. Starting from Biratnagar which is in the plains to Bhojpur or Khotang in the mountains, the terrains to the difficulty of reach which for that matter is an obviously known and stated reason.

It would be therefore prudent to understand the aspect for distribution and reach from the channel perspective both CRS and others. CRS for its distribution of products uses both the conventional and the non-conventional distribution network. By



based
add

virtue

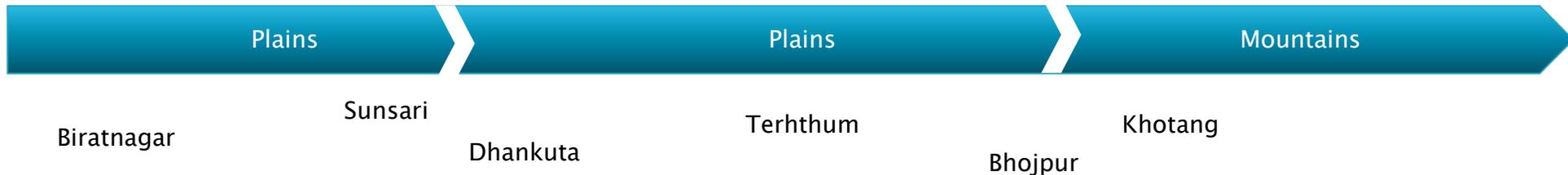
of focusing under the banner of health umbrella the network created to distribute such products inclined towards the traditional system of chemist outlets. During the course of its establishment the system has born fruits for the following reasons

1. Acceptability and adaptability of health product generally were higher in the chemist channel
2. Family planning, contraception etc were the exclusive domain of the chemist and druggist network.
3. Limitation by way legal angle of drug licenses and control prohibited others from dispensing the products.
4. The traditional channel maintained a quasi - doctor cum support in times of health problems

Reaching out to the hinterland required CRS to try innovative and unconventional methods of distribution along with behavior change communication. To achieve these twin roles, CRS associated with community based groups and NGOs - who successfully abetted the CRS aim of bringing about behavior changes in rural communities as well as increase the total market pie

Distribution In Eastern Region

For the ease of understanding the below descriptions take the following path of explanations



The distribution of CRS products in eastern region is largely through the TO channel, which means that the majority of products sales originates in the pharmaceutical channel. The Biratnagar CRS office is primarily responsible for the distribution of products in the eastern region. The below given diagram represents the movement of goods for CRS. The distributor in the eastern region is a very strong distributor covering a large area and has quite a pertinent operations.

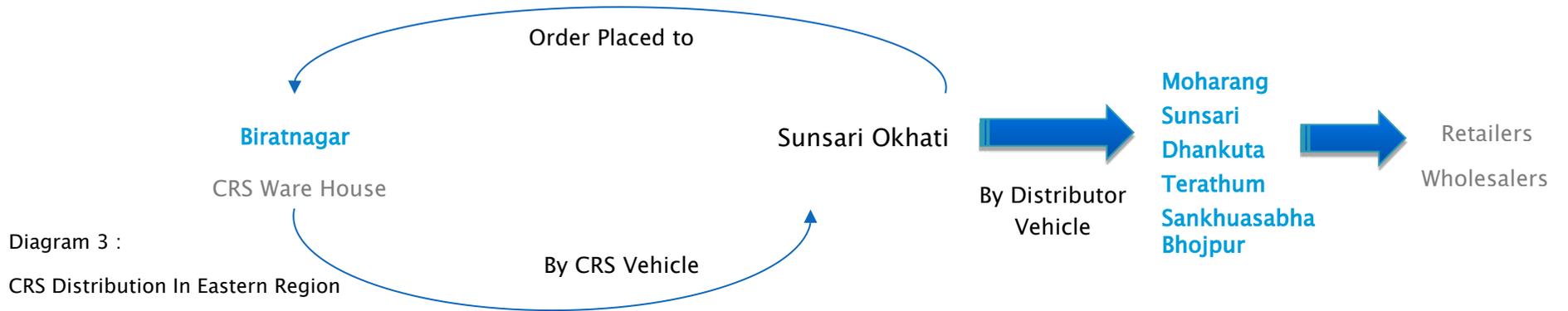


Diagram 3 :

CRS Distribution In Eastern Region

Biratnagar

Sunsari Okhati Ghar holds distributorship of 60 companies and has been associated with CRS from the last 10 years. Over the years Sunsari Okhati Ghar has created a dedicated channel to around 25 wholesalers and 600 medical outlets. The total business volume business of NPR 8 million per month out of CRS share is NPR 0.6 million. The distributor extends a phenomenal market credit pertinent in the pharmaceutical industry standing currently close to NPR 10 million. In terms of the distribution the entire delivery is done by a 4 wheeler & 2 -wheeler owned by the distributor.

The distributor also has deployed team of 9 feet on street for market coverage covering the above outlets for orders and payments. Each feet on street has designated different areas with responsibility of (a) order collection (b) servicing the outlets (c) collection of payments. Distributor follows permanent journey plan (PJP) which is possible because of availability of better roads.

Sunsari Okhati Ghar also has a branch at Biratnagar, CRS supplies order to both branches of distributor at Biratnagar and Dharan. Sunsari Okhati Ghar caters to six districts of eastern Nepal which includes; Morang, Sunsari, Dhankuta, Terathum, Sankhuasabha & Bhojpur. He owns 4 wheeler to cover distance market of Dhankuta, Therathum, Sankhuasabha and Bhojpur, whereas nearer markets are covered by 2 wheeler

Below is the implicit cost incurred by the distributor for the reaching a basket of products in different location. The important thing that we need to understand here is that at the distributor level it is very difficult to break the cost of the delivery on a per unit basis as the entire consignment is done on the basis of combined products delivery of the distributor, but would give a idea of what would be costs that we would be looking at if we are to do it alone for only CRS products.

S.no.	Market Coverage	Distance	Visit frequency/ month	Approx. cost/trip in NPR
1	Mohrang	35	18	200

2	Sunsari	20	26	100
3	Dhankuta	65	1	5000
4	Terathum	135	1	10000
5	Sankhuasabha	180	1	15000
6	Bhojpur	150	1	10000

Table 05: Market Coverage by Sunsari Okhati Ghar, Dharan

The above table depicts that cost of delivery or the servicing of the outlets increases as the terrain or the location becomes harder to access. To build up a logic of why this is the scenario, here are the points to support the case.

1. Since majority of the population is concentrated in the plains, the number of outlets catering to the this population is also higher. Covering a concentrated market is more efficient and lesser cost as compared to hills and the mountains.
2. The total number of outlets in the plains is much higher than the number of outlets in the hills and mountains, making it harder to cover due to scattered locations
3. Throughput of the outlet as is also reflective from the sales data is coming from the plains, less in the hills and much less in the mountains

Hile

Hile is another major trading center after Dharan and Biratnagar (*discussed earlier*). As shown in map Hile, Dhankuta, lies in centre of the Koshi zone and bordered with five districts. Hile is feeder market which serves three major districts; Terathum, Bhojpur and Sankhuasabha. North South Koshi highway connect Hile to Sunsari and Biratnagar, hence movement of goods is possible from major feeder markets of terai region.



Picture 01: Distributor Board

Amarjoyti Aushdhi Ghar Amarjoyti Aushdhi Ghar is located at northern region of Dhankuta. He is wholesaler cum distributor; Amarjoyti Aushdhi Ghar deals with 60 pharmaceutical companies and holds distributorship of 6 companies including CRS. Amarjoyti Aushdhi Ghar is colligated with 80



MAP 3 : Dhankuta

medical outlets and does monthly sales of NPR 0.5 million. Employed two people, one for smoothing of business operation and another for retailer coverage. He incurs monthly expenses of NPR 25,000 in different heads like salary to employee, shop rent, mobile & electricity expenses. He added Nepali-pharmaceutical companies' gives highest margin to distributor. He majorly caters to markets of Bhojpur, Terathum and Sankhuasabha, he also follow permanent journey plan.

The pictorial representation of the TO outlets that were covered in Hile area in conjunction with the distributor. Market observation portrays stock is readily available and properly placed at outlets. RFR visits Hile market frequently and easily available on phone. Amarjoyti Aushdhi Ghar offers a credit period of 90 days in market along with discount of 4 % on cash payment. Below table explicate different transportation medium and cost associated with them from Biratnagar to Hile.

As the terrain changes the cost of servicing and transportation becomes higher reflective from the table given below. Even more interesting fact is that scope of delivery by own vehicle no more applies as its cost prohibitive but use the public mode of transport to send the products. Public transport can be categorized as two types - (a) Hired public transport which are vehicles exclusively used for delivery and (b) Public Transport of People - like the buses and minivans that transport people but also materials. The cost of delivery by the Public Transport used by people is far cost effective that the Hired Public transport.

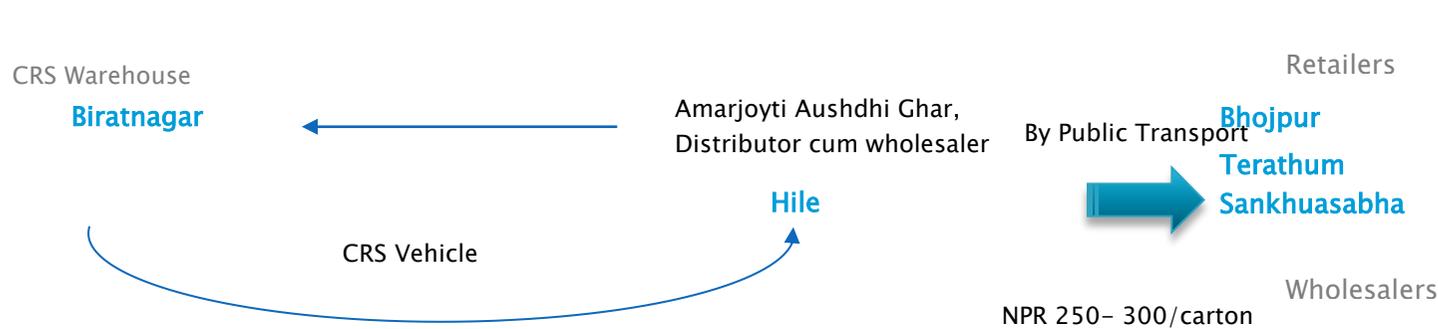


Diagram 04 : Movement of Products



Mode of Transport	Unit	Factor	Dimensions LXBXH	Distance in Km	Time in Hr	Cost in NPR
Public Transport – Bus	Material	Carton	24X18X12	105	6	150–200
Public Transport – Bolero	Material	Carton	24X18X12	105	5	150–160
CRS Vehicle	Material	Fuel		105	5	1932
Professional Transporter	Material	Carton	24X18X12	105	6	300

Table 06: Details about means of transport from Biratnagar to Hile

Therathum

Myanglung is famously known by the name of Therathum and is well connected to major cities of eastern development region. This city is habitat of 1393 households and has total population of 6404. Therathum is smaller feeder market which majorly gets supply from Dharan (*discussed earlier*) and feeds VDC of surrounding vicinity. There are around 6 medical outlets and 15 non-traditional outlets in Therathum market. As roads are not available to deep interior where alternative transport medium like tractors and tempo is being used.

Prakash Medical Hal, traditional outlet, have stocked quite adequately with all the product categories. His average monthly sale is NPR 0.18 million. Prakash Medical hall has stocked all family planning product including CRS and its competitor, he mentioned dhaal & Nilicon white is most demanded brands in market. Stocking pattern of a traditional outlet at Therathum is shown in adjoin table.

Prakash medical hall places order to Amarjoyti Aushdhi Ghar on phone and get supplies either through public transport or private transporter depending on order size. Small orders are supplied through public transporter bus and bigger one by private transporter agency.

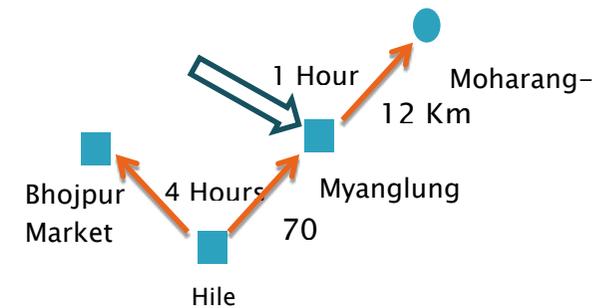


Diagram 05: Movement of Material from Hile to Locations

CRS Products	Dispenser
Dhaal	3
Panther	2
Sunalo Gulaf	1
Nilicon White	2
E-Con	1
CDK	2
Navjeevan	1
Piyush	1

Table 07: Stocking pattern at Traditional Outlet, Terhathum

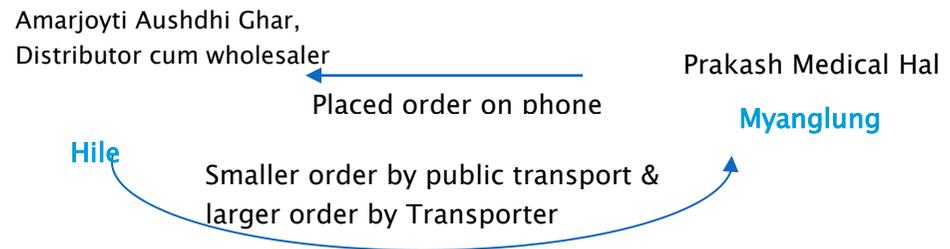


Diagram 06 : Movement of CRS Products From Hile

Various transportation medium used for goods transport and associated cost is shown in table below:

Mode of Transport	Unit	Factor	Distance in Km	Time in Hr	Cost in NPR
Public Transport - Bus	Material	Carton	70	5	150-200
Public Transport - Bolero	Material	Carton	70	4	150
CRS Vehicle	Material	Fuel	70	4	1932
Professional Transporter	Material	NPR/Kg or Carton	70	5	15/kg 200/Carton

Table 08: Details of various means of transport available form Terhathum

Non-Traditional Outlets In Myanglung

Terhathum city area had around 15 non-traditional outlets which were located in a linear fashion wherein they all are easily approachable. All of the outlets were carrying the stock of contraceptives. Major off take that was happening from the non-traditional outlets is Dhaal. The retail customer profile accounted for 80% are men and 20% female.



Picture 2: Non- Traditional Outlet at Therathum

A peculiar trait of selling the condoms was observed at *paan pasal*; Mahesh Pan Pasal, non-traditional outlet of CRS, sells condom out of company packing and repack it into a piece of paper before giving it to consumer. He has stocked considerable quantity of dhaal and panther. These usually are sent through the Public Transport (transporting people) at NPR 200 / carton or through the external transporter NPR 500–600/- per 100 kg which comes out to be NPR 5–6/- per Kg. The charge doubles during the rainy weather conditions.

Moharang – VDC

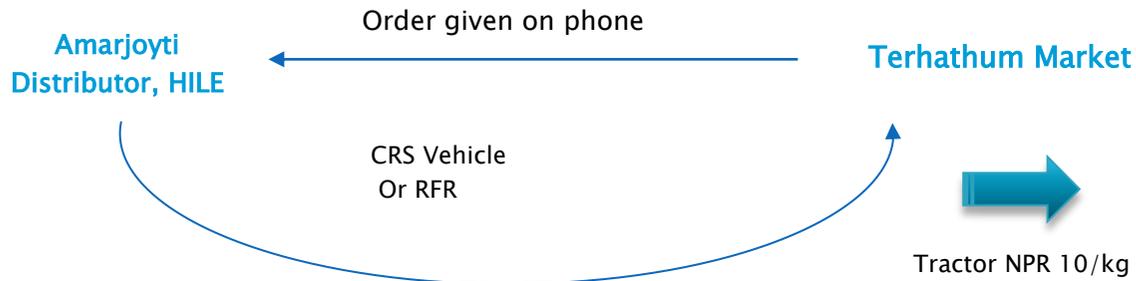
Moharang VDC has a population of 4425 and habitat of 837 households. Morang VDC is approximately 12 Km from Myanglung and consisting of around 6 non-traditional outlets which holds higher inventory of FMCG products. There are 2 traditional outlets at Moharang VDC, which are directly served by RFR either on foot or by tractor.

VDC is connected by gravelled road, seems good enough for the tractors to transport goods and service the VDC. The material gets loaded on to a tractor from Myanglung (*famously known as Therathum*) and gets transported to the nearby VDC's. Tractor is either owned by the wholesalers or third party transporters. The transport cost varies with product category, product categories having a higher weight to volume ratio is charged at NPR 10/Kg whereas for reverse case charges are NPR 6/Kg. As a transportation charge is not being absorbed at the company or distributor level, this leads to cost implication to retailer. The adjoining table would clearly indicate the difference of charging to consumer at Moharang VDC.

Table given shows different transportation medium available for goods movement to Moharang –VDC from Hile and associated cost against each medium.

Mode of Transport	Unit	Factor	Distance in Km	Time in Hr	Cost in NPR
Public Transport – Bus	Material	Carton	82	4	170–200
Public Transport – Bolero	Material	Carton	82	4	150–160
CRS Vehicle	Material	Fuel	82	4	1200

Table 10: Transportation cost from Hile to Moharang



VDC retailer move himself to Therathum market for procurement Or get supply through tractor

Diagram 07: Movement of CRS Products From Hile

Bhojpur

Bhojpur district has poorly developed road infrastructure and connected by earthen and gravelled roads, it took 9 hours to cover distance of 92 kms from Hile. Bhojpur market is catered by Amarjoyti Aushdhi Ghar (*Discussed earlier*) is located at distance of 92 Km from market.

Bhojpur is feeder market at next level and get served by Hile or Dharan. Bhojpur market served surrounding VDCs. All traditional retail trade outlets and major non-traditional outlets were covered by Amarjoyti Aushdhi Ghar. There is no CRS appointed distributor in Bhojpur market so its products are sourced either from Dharan or Hile for distribution in district.

Sidh Kali Pharmacy

Mr. Rajendra Raut, owner, is paramedics who runs Sidh Kali Pharmacy and also does night duty at the city hospital. Averagely 50 patients visit his shop for treatment; his monthly turnover is NPR 6 Lack. He has stocked all products of CRS and procures it from Amarjoyti Aushdhi Ghar, Hile (*discussed earlier*). He fortnightly places order of average order size of NPR 50,000. He said he has selected Amarjoyti Aushdhi Ghar for procurement because of availability of wide range of product. He places order on phone and transportation cost is borne by him. Distributor provide him credit period of 2-3 months.

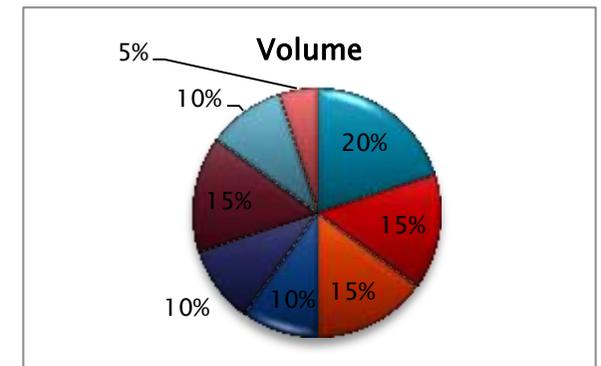


Chart 01: CRS sales by Volume at Sidh Kali Pharmacy, Bhoipur

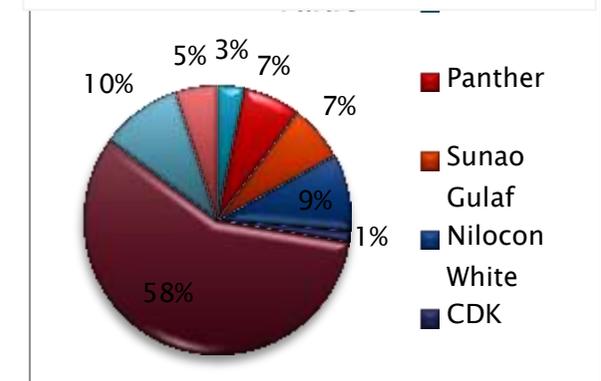


Chart 2: CRS sales by value at Sidh Kali Pharmacy

Below figures shows sales by value and volume of various CRS products through Sidh Kali Pharmacy, Bhojpur.

Bhojpur Medical Hall

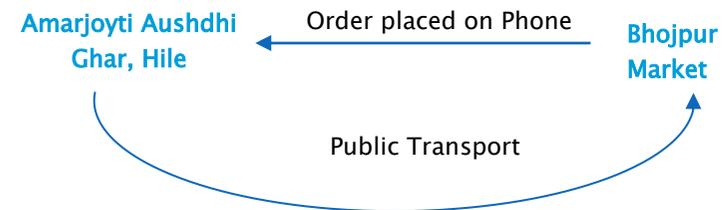
Bhojpur Medical Hall, a traditional retail outlet was having a nice branding done for the CRS products. The outlet being strategically located had good amount of consumer walk-in into the shop. Monthly sales revenue of Bhojpur Medical Hall is NPR 5 lac, with average daily footfall of 80-100 people. Similar to previously mentioned retailer of Bhojpur market, he also procures goods from operating from Hile. He mentioned competitor condom brands like Black cobra, Jodi etc. are more in demanded by youngsters.



Picture 3: TO Retailer at Bhojpur

Maya Shakya Medicos

Maya Shakya Medicos is run by a paramedic couple; where in male member attends patients and female member supports him in business operations. They have considerable stock of all CRS products. Monthly sales of Maya Shakya Medicos is NPR 1.75 lac. He procures products from 6 distributors who provide credit tenure of 3 months. Medical outlet of market is served by Amarjoyti Aushdhi Ghar, Hile through Public transport. given below given shows different transportation medium available and cost associated with them for goods movement from Hile to Bhojpur Market.



revenue

Bhojpur
Table

Diktel

Diktel lies in the Sagarmatha zone in eastern Nepal being served by distributor operation from terai region. Distance from Bhojpur is 86 kms, with extremely limited road connectivity; we took 10 hours to cover distance of 86 kms.

Halesi Pharmaceuticals Polytechnic Pvt Ltd.

Halesi pharmaceuticals are well stocked with different categories of medicines and have robust display of all



Picture 4: TO Retailer at Diktel

the products at the eye level. Monthly sales revenue of outlets is NPR 5.5 Lac. He enjoys credit period of 5 months and his present standing payment is 5lac. Transportation charges for good transport to Diktel through professional transporter are around NPR 20/kg and NPR 30/Kg during unfavorable weather conditions from Hile. Here, transportation cost is bearded by retailer. To cover transportation cost retailer charges 10% above MRP. Transportation cost associated with various medium from Hile to Diktel is shown in table given:

Mode of Transport	Unit	Factor	Distance in Km	Time in Hr	Cost in NPR
Public Transport - Bus	Material	Carton	86	10	200
Public Transport - Bolero	Material	Carton	86	10	180
CRS Vehicle	Material	Fuel	86	10	2913

Table 11: Transportation medium from Hile to Bhojpur

Central Region

The Central Region (CR) of Nepal has three eco-zones: mountains, mid hills and the Tarai that vary between an altitude of 60 m and 8,848 m. Administratively, the region is divided into three zones (Bagmati, Narayani and Janakpur), 19 districts, 893 Village Development Committees (VDCs), 1 Sub metropolitan and 13 Municipalities. Kathmandu is the regional headquarters of the CR. Kathmandu, being the capital of Nepal serves as the hub for the products and services required. All district headquarters are connected by road.

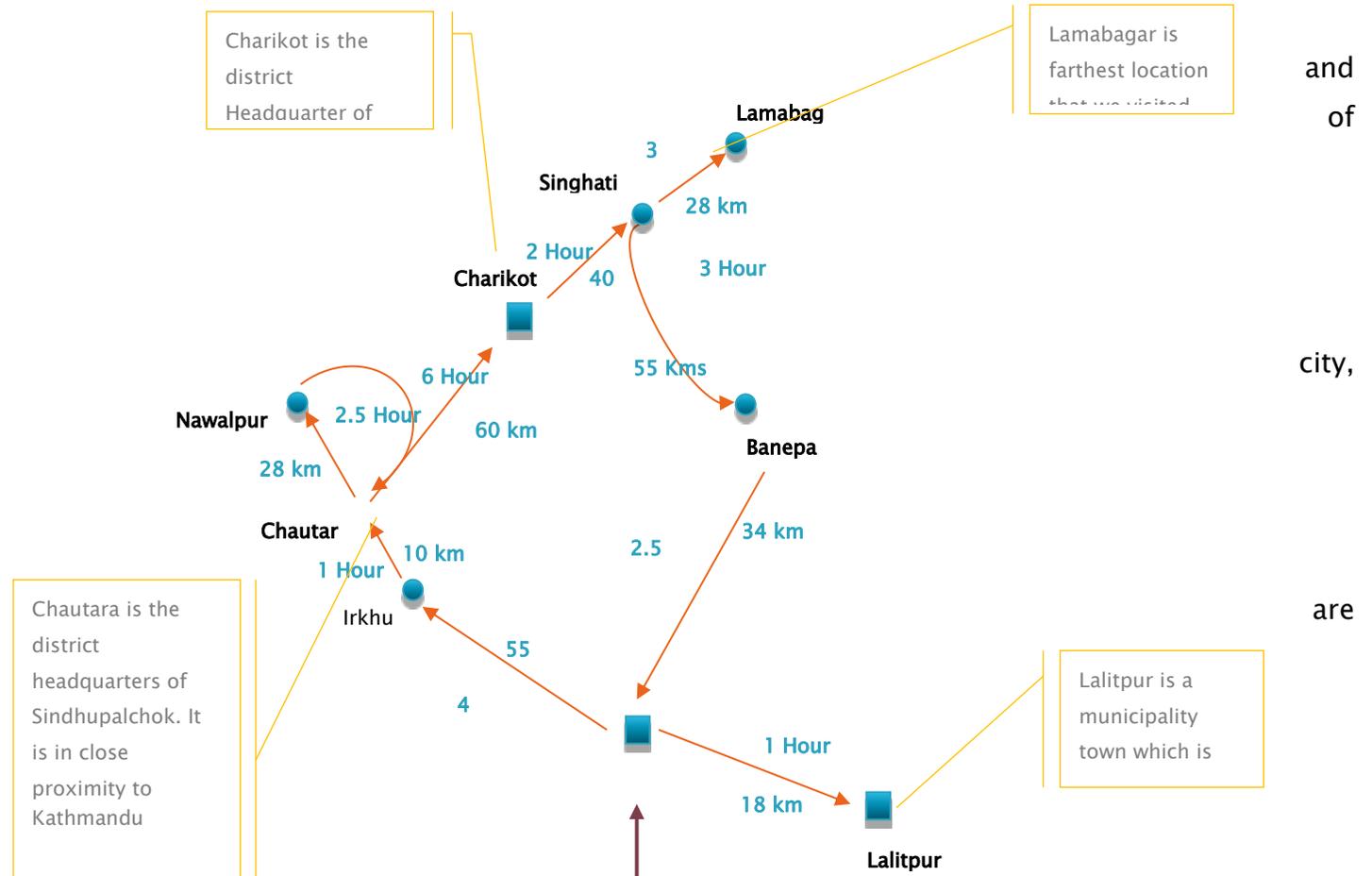


Diagram 8 : Schematic Diagram of Study Trip

Snapshot of Study Locations

Demographic Indicators

District	Total Population	Male	Female	Avg. Household Size	Total Households
Sindhupalchok	352,515	175,201	177,314	6	69674
Dolakha	236,638	115,826	120,812	5	50,015
Kathmandu	1,637,037	871,613	765,424	8	356,185
Lalitpur	430,443	219,761	210,682	6.24	87,828
Kavrepalanchok	450,049	220,486	229,563	6	82,278

Table 12: Demographic Indicators of Districts

Family Planning Statistics

District	Particulars	Condom	Pills	Depo	IUD	Norplant	Total sterilization	Total all methods
Sindhupalchok	New Acceptors	724	875	3380	128	272	355	5734
	Current Users	724	1273	9169	717	1157	9891	22931
	CYP	724	1231	10067	1024	1360	-	-
Dolakha	New Acceptors	738	1600	3973	30	130	196	6667
	Current Users	738	1160	3512	14	59	7891	13374
	CYP	738	852	4448	240	650	-	-
Kathmandu	New Acceptors	2436	4465	15836	1902	1172	1669	27480
	Current users	2436	5390	24343	3101	3187	51893	90350
	CYP	2436	3951	24096	15296	6055		
Lalitpur	New Acceptors	2035	1453	4415	1586	984	698	11170
	Current users	2035	1731	9938	2304	7001	18965	41704

	CYP	2035	1650	9882	12880	5375	-	-
Kavrepalanchok	New Acceptors	2035	1452	4415	1586	984	698	11170
	Current users	2035	1731	9938	2304	7001	18965	41704
	CYP	2035	1680	9882	12880	5375	-	-

Table 13: Development Indicators of Districts

Health Facility

District	Hospitals Govt	PHCC	HP	SHP	Outreach	EPI Clinic	NGO/INGO/PVT
Sindhupalchok	1	3	10	65	250	260	12
Dolakha	1	2	9	43	165	165	4
Kathmandu	8	8	5	53	158	191	39
Lalitpur	2	4	9	29	61	110	52
Kavrepalanchok	2	5	9	80	333	317	16

Table 14: Health Facility Indicators of Districts

Profile of Districts

Sindhupalchok

Sindhupalchok is part of Bagmati zone and lies in central Nepal. Chautara is the district headquarters and covers an area of 2542 kms and has population of 5865, comprising 1284 households. There are 79 VDC's in Sindhupalchok. Chautara is 43 kms distant from Kathmandu. Although this district is close to Nepal's capital Kathmandu, it is one of the least developed districts in Nepal. The Arniko Highway, also called Kodari Highway, (114 km) extending from Kathmandu to Kodari links this district with Tibet. The district is mountainous and rich in natural resources.

The district is easily accessible from Kathmandu, but is not well developed. People depend entirely on agriculture for their survival. Since the district is hilly, the land is not very fertile land, and the yield is very low. So, the lifestyle of people is not easy. Almost every VDC has got

electrical power and roads connecting to the nearby highway. Many NGOs and INGOs are working in the district in order to improve the living standards. School and graduation colleges are ample in the district but for higher education, one ends up going to nearby districts Kavre or Kathmandu.

Dolakha

Dolakha district is part of Janakpur zone and lies in central Nepal. Charikot is the district headquarters and covers an area of 2191kms and has population of 236638, comprising 50015 households. There are 58 VDC's in Dolakha district. It is 136 kms distant from Kathmandu. It is an ecstatic place with a strong religious affiliation. Dolakha's lowest elevation point is Sital at 723 m , whereas Mt. Gauri Shankar is the area's highest peak at 7134 m above sea level. The easy accessibility from Kathmandu by road makes it a natural choice for trekkers who would rather avoid the unpredictable nature of flights to Lukla or Jomsom.

Kathmandu

Kathmandu is the capital and, with more than one million inhabitants, the largest metropolitan city of Nepal. Kathmandu is located in the Bagmati Zone. It lies in the central region. The city stands at an elevation of approximately 1,400 metres (4,600 ft). There are 36 VDC's in the district. Population of Kathmandu is 1,006,656.

Lalitpur

Lalitpur District is a part of Bagmati Zone, is one of the seventy-five districts of Nepal. Lalitpur district, with Patan as its district headquarters, covers an area of 385 km² and has a population of 500000. It is one of the three districts in the Kathmandu Valley, along with Kathmandu and Bhaktapur. It is an extension of Kathmandu and also known as Twin cities of Nepal along with Kathmandu. It is situated in Shivalik range. It is one of big feeder areas where most of wholesalers and distributors do their business.

Kavrepalanchok

Kavrepalanchok district lies in the central region of Nepal. It lies in the Bagmati zone. The district, with Dhulikhel as its district headquarters, covers an area of 1,396 km² and has a population (2001) of 385,672. Banepa is a Municipality town located 26 km east of Kathmandu, Nepal which falls under Kavrepalanchok District. Though it is a small town, Banepa is the major economic center/ trading east of Kathmandu.it lies in

Bagmati zone. Population of Banepa is around 20000. It takes around 1 hr from Kathmandu to reach Banepa. Banepa is considered as hub area where wholesalers and distributors are available. It is a feeder market for various districts of central region of Nepal like Sindhupalchok and Dolakha.

CRS Distribution

Chautara

Market in chautara has 6–7 Traditional outlets and 30–40 Non Traditional Outlets. Jamuna Maane, is the co-owner of the medicine shop which is running from last 18 years. She has completed 3 year course in PCL nursing. She handles all women related issues and also works as general pharmacist. Her shop is adequately stocked with medicines. CRS products are very beautifully displayed on her shop as shown in the picture above. Her shop lies in the centre of chautara market and is one of the biggest medicine shops of the area. Customers from various VDC within the proximity of 30–35 kms and within 2.5 hrs of distance come to her shop. Her husband is a paramedic, which adds to the footfall in the shop.

She has kept stock of all CRS products along with Sangini, as she is trained Sangini professional. She procures stock either from Kathmandu or Banepa, which is approximately 45 kms from chautara. She places order to the following: Safal medicines, Kathmandu, Yetikem medicines, KTM, S.K Medical, Kathmandu, Medi Store, Banepa, Bhaktapur Drug House or directly to Akash Distributor, Kathmandu. She prefers Safal Medicines the most out of all because Safal medico's acts as one stop shop for her where she gets all the products (easy availability) and also she gets to pay on credit terms of 3–4 months. Her average order amount varies between 40000– 65000 NPR, out of which CRS stock is 5000– 6500 NPR and the frequency for ordering is twice a month. She does not bear any transportation cost when stock is send by the supplier. When she herself goes to procure in that case she bears the transportation charges.

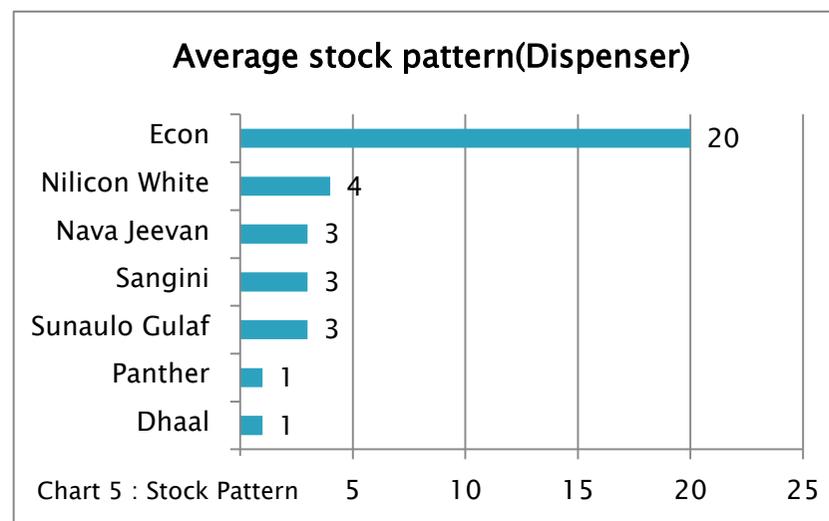
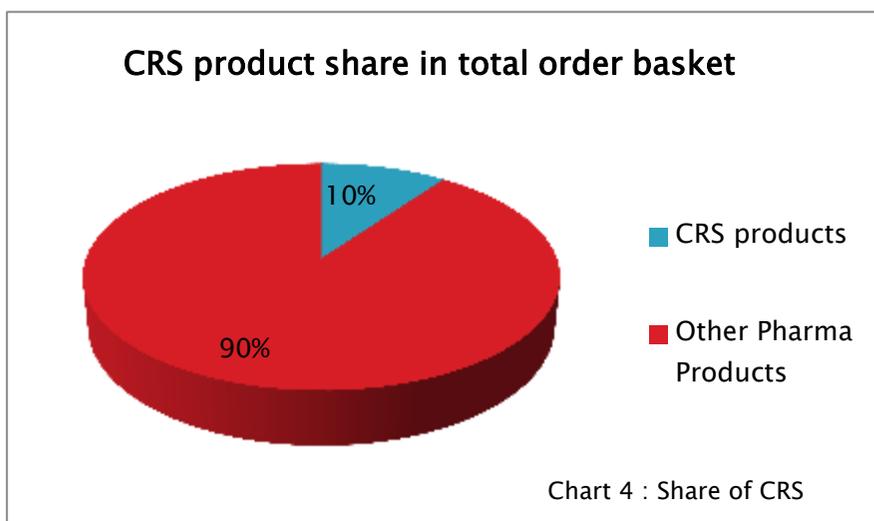
Her monthly sale values NPR 2.4 lakhs. She gets a margin of average 18% on all Pharma products, with addition to this she gets bonus on Nepal Pharma products.

Approximately, 4 boxes contain stock of NPR 30000, of which CRS products are 2 each dispensers of Nilicon white and Sunaulo Gulaf, 50 pouches of ORS costing NPR 365 and 2 Dispenser of Dhaal and Panther each.

Below are the particulars related to the retailer at Chautara:

Particulars	Data Value
Average order per time	40000–65000 NPR
CRS stock order each time	5000–6500 NPR
Credit period from wholesaler	3–4 months

Table 15: Informations on Distribution Values



Irkhu

In Irkhu, a Sangini retailer was interviewed. Santa is basically a health assistant worker who has completed her 18 months training in ECH (Education on community health) and also her Pharmacist training from Dept. of Drugs.

Her shop is in existence from last 10 years. She is primarily engaged in conducting delivery and treating general ailments. In case of complications, he usually refers to District Hospital, Chautara (6–7 kms) or Patan Hospital, Banepa (30 kms).

She has kept stock of all the CRS products, along with Sangini. She is a trained Sangini professional. She places order on call fortnightly. She places order mostly to Chandeshwari wholesaler, Banepa, followed by Medi store, wholesaler, Banepa, Gautam Medicals, distributor, Kathmandu and Rosen Medicine, Kathmandu. She prefers placing order with Chandeshwari wholesaler, the most because all the products are available with him. In case she needs to buy on credit, she prefers other suppliers than Chandeshwari because Chandeshwari does not provide credit facility. Her minimum order is around Rs. 20000, out of which CRS order is around Rs 500–600. All transportation charges are borne by wholesalers/distributors. Waiting time after order placement is usually 1 week. Supplier sends her stock via public transport (bus), which stops in front of her shop and she collects the stock then and there. Supplier sends his FOS (Feet on Street) to collect payment after a week of delivering the order. Everyday footfall to her shop is 20–25 customers. Proximity of area from which customers come is nearly 25–30 kms. She gives credit to her customers and they return money on their convenience. Till date, she has had bad debts of Rs. 3000. She has not maintained written accounts.

According to Santa, Dhaal and Panther is for local customer, whereas the customer who comes back from foreign land prefers featured condoms like Cobra, Jodi etc. She believes that awareness levels have gone up and sees Media as the main doer. Health Awareness has also gone high because of promotions made via Radio. Village women treat her not just as pharmacist but also as advisor.

Charikot

Hari Prasad Gautam is a registered distributor and trader of Pharmacy products under Nepal Chemist and Druggist Association. He is into this business from last 20 years. He is dealing only in medicines and not surgical instruments. He is dealing with products of 24–25 companies as wholesaler.

His monthly turnover is NPR 10 lakhs, whereas amount of outstanding credit is NPR 50 lakhs, which is rotating from last 10 years. He gives credit period of 5 years to his old loyal customers.

Sagar medicos, Charikot are authorized distributor of CRS. He procures stock directly from CRS. Sometimes procurement happens on cash and sometimes on credit. Distributor has to give a security deposit of 2 lakh NPR. He gets stock from CRS directly via CRS vehicle. Delivery of stock by CRS is done by CRS vehicle. They get more margin as well as Bonus on Nepal Pharma products than MNC products. On Nepal Products – 20% and On MNC products– 10%. Average order varies from NPR 10000– 50000, out of which 10% belongs to CRS. Customers places order on

call and they supply the stock within next 2 days. Retailer are sometimes given discount of 5% on cash purchase. He has set certain condition for distribution like Minimum order should be of 4–5 box. Sometimes CRS RFR also brings order for him from retailers.

His own vehicle caters to the need of retailers who lie within proximity of 40–45 kms. He covers Dolakha, Sindhupalchok, okhal dunga, ramechap. He covers 50 outlets as well as health posts.

Stock is sent to retailer via. Public transport(bus) Bus charges are NPR 100 per case/carton weighing 5kg/10kg/15kg from charikot to nearby areas. All bus charges are borne by wholesaler and not retailer. In case of rainy season, porter is used to carry stock which cost as 1kg for NPR 50 and that cost is borne by retailer.

Lamabagar

Lamabagar is a village development committee (VDC) in Dolakha District in the Janakpur Zone of north–eastern Nepal. It lies in High Mountains. Population of lamabagar is around 2100. It is in close proximity to china border from top and Sindhupalchok on one side and Ramechhap on another.

It is one of the least populated VDC's of the Dolakha district. It is situated in a difficult terrain. Extremely steep slopes on each side of the road, massive landslides and vehicle plunges make it all the way more difficult to reach there.

Availability of public transport is poor. After certain point, only private vehicles can move forward. Roads are muddy and stoned. They are completely seasonal. Roads are extremely difficult and bad in shape. Risk involved in reaching the location is very high because of the treacherous mountains and plunged narrow roads which are hardly motorable.

Deep interiors in a valley, A retailer running a grocery outlet was interviewed, who was recently introduced to CRS products 4 months back. Being a NTO retailer, he kept Dhaal, Panther and Nav jeevan only. There is no TO available in that ward. His shop is the only one shop in that valley. He is a general grocery shopkeeper who has kept all basic items like food grains, rice, toiletries, drinks, contraceptives and also has a sitting area for drinks and tea. He has kept stock of all items with buffer stock of 3 months because of the risk involved in reaching that area. During rainy season, roads to reach that ward get blocked. Maximum roads in lamabagar are completely seasonal. Bakhta Bahadur Srishta, is running the shop from last 3 years. He is paying a rent of NPR 1500 for the shop.

For procuring grocery stock he goes to Banepa, which is around 60 kms from Lamabagar.. It takes him 2 days to go there, buy and come back. Time taken in reaching is so much that it is not possible to come back in a day. In his absence his wife looks after the shop. In case of more stock, only way to go is hiring a private vehicle/transport. He hires a minivan which charges him on basis of weight of the stock. Minivan costs him 500 NPR/ per kg. In case of more stock like 500–600kgs, he has to pay NPR 30000 also which is so expensive as compared to the volume of the stock, but there is no alternative for transportation. Weekly/Fortnightly he goes to Banepa for procuring the stock required. No wholesaler /distributor have reach till this ward. It is so because of the terrain and there are hardly any retail shops. Since no Wholesaler/distributor sends stock till lamabagar, so in that case, CRS RFR travels till his shop, either on bike or any other private vehicle. In case of Shrishta Kirana Pasal, which is a recently introduced Non Traditional Outlet, RFR has fulfilled responsibility of market expansion, awareness creation as well as selling the stock. His customers are majorly people from the same VDC, nearby valleys, labourers (who has come for doing projects), officers from china (rarely)

People majorly buy grocery products and drinks (Red bull) etc. Hardly people buy condoms. They prefer buying it from China or taking it free of cost from Bongar, Health Post. Per day footfall is 20–30 customers. He charges premium prices from his customer's i.e. for a coke/Fanta which is NPR 55 in plains, he is charging NPR 70.

Below are his particulars regarding the frequency of his order:

Frequency of order	Amount of order (NPR)
Weekly	20000–30000
15 Days	50000
Monthly	200000

Table 16: Order Values

Singhati

Singati is situated 40 kms far from district Headquarters Charikot. It takes 1.5 hrs to reach there from Charikot via. bhimeshwor road. It is in close proximity to Lamabagar also. It lies in Middle mountain and Hill Mountain. Singati market is a market of approximately 50 commercial establishments on both the sides of the road. Major occupation in the area is farming, followed by employment in hydel power projects.

Jeevan Dulal, is a paramedic cum shop owner of Triveni Medical outlet, Singati. He is running this shop from last 5 years. By qualification he is a lab technician. He gives facility of X-ray, general check-ups and routine tests also. He deals not only with medicines but also surgical equipment. He has kept complete range of CRS products, including Sangini. His total sales account for 150000 NPR/per month. Investment made in the shop is NPR 6-7 lakhs, which includes X-ray, Lab equip, medicines etc.). He has kept buffer stock of 2-3 months in his shop because in rainy season, roads get blocked. His daily sales nearly amount to NPR 5000-7000. His shops works 24*7. He has kept both Nepal based medicines as well as MNC.

He orders stock to Sagar wholesaler, Charikot, Gautam pharmacy, Kathmandu, Pooja Distributors, KTM, Dolakha Medi Store, Charikot. He prefers buying most from Sagar Medicals, Charikot because all products are easily available with him and other because he is easily accessible (40 kms).

He gets credit period of 15 days from the supplier. Volume of order is NPR 15000-20000. Frequency of ordering is after 15 days and payment collection also happens the same way. Stock comes to his shop the very next day after order and no transportation charges are borne by him.

Per day footfall in his shop is 25-30 customers. He gives credit to only known customers. Being in close proximity to lamabagar, customers from lamabagar also come to his shop. He does not charge premium prices from his customers. All profile of customers come to his shop.

Banepa

Banepa is a Municipality town located 26 km east of Kathmandu, Nepal which falls under Kavrepalanchok District. Though it is a small town, Banepa is the major economic center/ trading east of Kathmandu.it lies in Bagmati zone. Population of Banepa is around 20000. It takes around 1 hr from Kathmandu to reach Banepa. Banepa is considered as hub area where wholesalers and distributors are available. It is a feeder market for various districts of central region of Nepal like Sindhupalchok and Dolakha.

Sunil Vadiya is owner of Chandeshwori Medical Hall. He is a stockist/ wholesaler for CRS (TO wholesaler). His inherent business is running from last 45 years. He is dealing with more than 35-40 companies and has stock of 1500 and more products. He deals in both Nepal based as well as MNC Pharma products. Apart from being a wholesaler, he owns his medical hall also. He is one of the biggest wholesalers in the area. His monthly turnover is around 60-70 lakhs/per month, whereas his outstanding credit with his customers is 1 crore 50 lakhs, out of which 90 lakhs is towards a hospital. He procures stock stock from western Remedies, which is CRS distributor based at Kathamandu. Same happens in

case of other companies. He gets a cash discount of 3–5 % on cash payment. In case of Nepal Pharma products, he gets a credit period of 1–2 months from other distributors whereas most of the times he needs to pay in cash also.

In case of MNC products, sometimes they need to make advance payment, sometimes cash and if some give credit then it is for a period of 1–2 months. His customer base is 150 retailers, out of which only 20 are his old permanent customer to whom he supplies stock through his own vehicle. Rest all the customers/ retailers are sent stocks via public transport. His own vehicle goes up to Chautara which is within 100 kms from Banepa and fall on Arniko Rajmarg, Highway. His coverage is till Lamabagar, thus he covers all the VDC's which come in between.

Average value of stock carried in own vehicle is NPR 400000– 500000. His own vehicle goes twice in a month for delivering stock.

He bears all the transportation cost for supplying stock to the retailer only if retailer orders Nepali products along with the MNC Pharma products. The reason behind is that he get a margin of 10–15% on Nepal based Pharma products whereas on MNC Pharma products he get only 3–5%. He offers maximum of 3 months credit to his customers. After 3 months period, in case of failure to pay he closes their account. *“Credit is given to very own customers”*, Sunil, Wholesaler says. He maintains his accounts manually as well in software. Reconciliation of the accounts happens at the end of the financial year. His bad debt till date adds to total of NPR 4 lakhs. He himself bears the damages that happen during the transportation. His customers stock up before rainy season, usually they take 3 months stock. He believes that CRS products have demand but at the same time customer now a days is shifting to featured condom market (Dotted, Flavoured). Chandeshwori wholesaler has a grip on the market. He is king of the market. He has huge number of customers, so he works on his conditions. His USP's for which he is known is availability of all products and his wholesale prices.

Below is the amount per carton from Banepa to other areas:

From	To	Amount per carton(NPR)
Banepa	Chautara	50
	Balusi	50
	Charikot	80–100
	Barabise	80–100
	Irkhu	50

Table 17: Carton Cost

Lalitpur

Lalitpur District is a part of Bagmati Zone, is one of the seventy-five districts of Nepal. Lalitpur district, with Patan as its district headquarters, covers an area of 385 km² and has a population of 500000. It is one of the three districts in the Kathmandu Valley, along with Kathmandu and Bhaktapur. It is an extension of Kathmandu and also known as Twin cities of Nepal along with Kathmandu. It is situated in Shivalik range. It is one of big feeder areas where most of wholesalers and distributors do their business. There are only 2 NTO distributors in Nepal, out of which Mr. Atri is one who covers Bagmati and Janakpur zone.

He is distributor to 10–12 other companies, and dealing in certain products like:

- Aarti Soap
- Papad(India)
- Juice
- Prawn
- Nevico Biscuit
- Red Bull
- CRS(only condoms and Nav jeevan)

Apart from being a distributor, he owns his own company which produces Namkeen, Bhujia, which is very famous in rural Nepal. His monthly turnover is NPR 18 Million – 21 Million. Out of all the products he is selling, Red Bull is most profitable because value is also high, demand is also high and also the margin is high. His outstanding credit is 5–6 lakhs. He does not prefer sending his stock to far flung areas via bus, public transport because it involves lot of inconvenience and risk, as bus people are not ready to take responsibility. So he uses his Tata van/ Mini truck to deliver stock in Dolakha district, which happens after 20–25 days. He caters to 120 outlets, which covers Lalitpur and Dolakha district. Customer places order on phone and delivery of stock happens on daily basis. There is a set journey plan for week. 30–40 shops are being covered in one day, out of which 10–12 are regular customers whereas rest of them are given stock on cash payment as a part of spot selling. He offers credit if 1 week – 15 days. Visit to far other district (Charikot, Dolakha) is done after 20–25 days.

He uses 3 wheeler rickshaws for delivering stock to retailers in and around Lalitpur (nearby). He owns 3 rickshaws also and has also hired a rickshaw on rent. In one go, rickshaw can carry 40–50 cartons, which will be of big size and low weight. In case of heavy carton, only 20–25

cartons will be carried. He also uses bike for transportation of goods only in case of covering 5 kms or less distance. In a normal case 2–3% loss of stock via damages or stealing happens in case when stock is sent by Public transport or Mini vans.

Vehicles owned

- 2 Tata Van
- 1 Tata Truck(Mini)
- 3 Rickshaw
- Bike

Being a NTO distributor, Atri is not authorized to sell stock to Traditional outlets wholesalers/retailers, which he as difficulty in making profitability and underutilization of existing distribution channel.

Western Region

Western region Western Region is one of Nepal's five development regions. It is located in the west-central part of the country with headquarters in Pokhara. It comprises three zones namely Dhawalagiri, Gandaki and Lumbini. The Western Region (ER) of Nepal has three eco-zones: mountains, mid hills and the Tarai. Lumbini is one of the covered zone. Lumbini Zone is one of the 14 zones of Nepal and is home to Lumbini site, the birth place of Siddhartha Gautama, who later became the historical Buddha and founder of the Buddhist philosophy. The zone's headquarters is Butwal. Lumbini is divided into 6 districts. All district headquarters are connected by road. Most regional level services are available in Butwal.

Snapshot of Study Locations

Demographic Indicators

District	Total Population	Male	Female	Avg. Household Size	Total Households
Gulmi	326,766	147,350	179,417	6	65,197
Argakhachi	236,587	109,386	127,201	6	46,399
Rupandehi	928,372	472,788	455,585	8	154,448

Table 18: Demographic Indicators of Districts

Family Planning Statistics

District	Particulars	Condom	Pills	Depo	IUD	Norplant	Total sterilization	Total all methods
Gulmi	New Acceptors	2172	1694	2879	57	173	309	7284
	Current Users	2171	953	2784	442	431	9935	16717
	CYP	2171	815	2778	1312	1180		
Argakhachi	New	1619	459	972	41	68	226	3385

	Acceptors							
	Current Users	1619	612	1488	160	297	6071	10247
	CYP	1619	550	1206	328	288	340	14328
Rupandehi	New	2434	2435	6955	459	2784	1757	52120
	Acceptors							
	Current users	2434	2287	11132	2459	1875	31057	
	CYP	2434	1144	5551	1912			

Table 19: Development Indicators of Districts

Health Facility

District	Hospitals Govt	PHCC	HP	SHP	Outreach	EPI Clinic	NGO/INGO/PVT
Gulmi	1	4	12	64	329	312	1
Argakhachi	1	2	8	31	106	189	-
Rupandehi	2	5	6	58	222	352	11

Table 20: Health Facility Indicators of Districts

Profile of Districts

Gulmi

Gulmi district, with Tamghas as its headquarters, covers an area of 1,149km² and has a population (2010 projection) of 326766. It is famous for coffee farming. Ruru, a Holy Place now also known as Ridi, is a market Centre, where many of the temples are situated.

The headquarters of Gulmi, Tamghas is a beautiful small town situated at the bottom of two hills Resunga and Arjun. It is a place that has been neglected though it could be one of the best visiting places in Nepal if it was developed

Argakhachi

Arghakhanchi is one of the districts of Lumbini Zone in Nepal's Western Development Region. The district headquarters are Sandhikharka. It covers 1,193 km². 68% of the district is in the mountainous Mahabharat Range and the rest is in the Siwalik Hills. Elevations range from 305–2575 m above sea level and about 40% of the total area is forested. Arghakanchi is surrounded by Lumbini Zone's Palpa district to the east, Gulmi to the north, and by Terai districts Kapilbastu and Rupandehi to the south. To the west are Rapti Zone's Pyuthan and Dang districts.

Rupandehi

Butwal is a large town in southern Nepal in Rupandehi District, in Lumbini Zone. Butwal is considered as the administrative center. It is located 240 kilometres west of Kathmandu and 22 kilometers north of Bhairahawa, at the northern edge of the Terai plain below the Siwalik Hills. Its name is derived from Batauli Bazaar in the town's oldest district.

Through highway and air links, Butwal connects western Nepal to the capital Kathmandu. It has highway connections to the Indian Border at Sunauli and to hill towns Tansen and Pokhara. Butwal is a major gateway to Nepal.

Tamghas

Distributor

Parshuram Pandey is distributor for CRS from last 2 years. He is located at Tamghas. He is wholesaler to 16 companies out of which 12 are Nepal based pharma companies and 4 are Indian pharmaceutical companies. Tamghas is a feeder market, which feeds all the VDC's of Gulmi district and even adjoining VDC's of other districts. Road Connectivity to Tamghas is quite good, as it lies on highway. Roads are black top.

There are 2 CRS wholesalers situated in Tamghas along with 1 distributor. Aakash pharma gets stock directly from CRS. CRS vehicle supplies stock till his door step once or twice a month. Delivery of 2 supply orders to CRS distributor is free of cost. He has total customers base of 357 retailers of which 18 retailers are situated in Tamghas and the rest 339 are located outside of Tamghas, which includes all VDC's of Gulmi district as well as few VDC's of adjoining districts like Sandhikharka and Palpa.

Regarding the investment and employees, he has 2 bikes which are specifically used for order collection and payment collection. He has hired 2 employees specifically for order and payment collection only.

He sometimes gets order on call also. He packs the stock and sends it accordingly. All transportation charges are borne by him. His monthly turnover is NPR 10–15 lakhs. Below is the distributor’s coverage:

DISTRIBUTOR’S COVERAGE						
FROM	TO	DISTANCE	MODE	TIME	COST/per carton	ROADS
TAMGHAS	Arkhale	5kms	Jeep	3 hrs	300	Seasonal
	Dhurkot	20kms	Jeep	4 hrs	400	Seasonal
	Purkotdaha	40kms	Jeep	6 hrs	500	Seasonal
	Aglung	55kms	Jeep till Purkot+ Porter	1 day	500+200/porter	Seasonal
	Hwandi	40+kms	Jeep till Simaltari +Porter	1 day	500+200/porter	Seasonal
	Neta, Darling	50+kms	Jeep till pundaimarai+ Porter	1 day	500+200/porter	Seasonal
	Pundaimarai	40+	Jeep	6 hours	500	Seasonal
	Mushikot	30	Jeep	4 hours	500	Seasonal
	Arge	33	Jeep	4 hours	500	Seasonal
	Simaltari	30	Jeep	5 hours	500	Seasonal
	Chhapabile	40	Jeep	5 hours	500	Seasonal
	Ghamir	40	Jeep	5 hours	500	Seasonal
	Jaishithole	30	Jeep	5 hours	500	Seasonal
	Pipaldhara	40	Jeep	5 hours	500	Seasonal
	Nayagaun	40	Jeep	5 hours	500	Seasonal
	Khargyanj	20	Jeep/Bus	2 hours	200	Seasonal
	Haddaha	30	Jeep	4 hours	500	Seasonal
	Argakhanchi	45	Jeep	5 hours	500	Seasonal
	Rest new nearby VDC’s are covered on bike					

Table 21: Distributor Coverage

Below are the expense details of distributor:

Particulars	Amount
Income Tax	150000 P.A
Salary of 2 permanent staff	20000P.M/2 person
Rent of shop	7000P.M
Electricity	300P.M
Stationary	5000P.A
Petrol for bike	3000P.M

Table 22: Expense of Coverage

Distrib
utor's
reach is
in all
the
VDC's
of

Gulmi district. His reach to all those VDC's which are well connected with roads is definitely there. At the same time for areas which are not connected with roads after some point, he somehow manages to send stock via tractor, jeep and porter. All transport charges are borne by him only. CRS products form a very tinny share in his total product portfolio, which he gives to wholesalers as well as retailers.

Wholesaler

Sir Bahadur Thapa, owner of Babita Pharma is one of the 3 wholesalers of CRS who are situated in Tamghas. His reputation in the market is due to the fact that his shop is 30 year old shop in Tamghas. He has kept CRS product from last 10 years. He is wholesaler for 5 companies. He procures stock from Everest Distributor, Butwal. Distributor sends stock to him once he places order on call. Distributor either sends stock using his own vehicle or via public transport i.e. bus. He orders once or twice a month. His average order for CRS amounts to NPR 10000-15000. His yearly turnover is NPR 30 lacs.

He sends stock to retailers not only in Tamghas but also interiors. He sends stock to interiors only till point where public transport is available. All transportation charges are borne by him. Close proximity of his shop to bus stand makes it easy for him to transport goods. Below figure shows the average stock he keeps his shop at a time and monthly sales of CRS products.

Ruru

VDC Ridi is famous for Ruru Bazaar. Ruru Bazaar is in ward 6 of Ridi VDC. VDC is very well connected to roads. It lies at the border of Palpa and Gulmi district. It falls on the highway, so Black top roads will be found. Ridi bazaar is considered as one of the busy stops where buses and trucks stop on the way. From Butwal it takes 2.30 hrs to cover the distance of 75kms.

Retailer1 – There are 50 NTO's in the market and 6 TO's in the market. Krishna maan Pali is the owner of Pali kirana pasal. He has kept Dhaal and Panther from last 7 years. His sales are very less because of the fact that there are many TO available in the same market and all of them are keeping stock of CRS products. He has sold 1 dispenser of Dhaal and 1 dispenser of Panther in the last 3 months. His sales are very less because of the fact that there are many TO available in the same market and all of them are keeping stock of CRS products.

He has sold 1 dispenser of Dhaal and 1 dispenser of Panther in the last 3 months. He gets CRS stock from directly CRS person, sometimes Asst field officer and sometime RFR. During field visits, he is given stock. He gets supply of other grocery items from Butwal which is 70 kms from Ridi. His average stock ranges from 5000– 7000 to 40000–50000 per month. Stock comes in delivery truck. His customers for Dhaal and Panther are following:

- Bachelor
- Family person
- Driver

He suggested that CRS should make separate pack for NTO with 12 pieces, as it becomes difficult to sell in the present conditions

Retailer2– Anup Srishta, owner of Anup medical hall is keeping stock from 10–12 years. He along with his wife runs this shop. His outlet is also registered as Sangini outlet.

His shop is 2nd biggest medicine shop in this area.

As seen in the picture CRS products are very well displayed in his shop.

His customers for CRS products are usually:

- Married couple
- Sometimes drivers

He orders stock to wholesaler usually Gautam budh and Krishna, located at Butwal which is 70 kms from Ridi Bazaar.

All transportation charges are borne by wholesaler. Transportation of stock happens in Bus which drops stock till his shop. His order frequency for CRS products is 2–3 months. Average order after 2–3 months:

- Dhaal– 15–16
- Panther– 10–15
- Nilicon White– 5–6 Box
- Sunaulo Gulaf– 5–6 Box
- Nav jeevan– 10–15 Box
- Piyush– 2–3 Box

Piyush is a seasonal product, sales are high after rains. Hardly gets sold in winter. CRS forms a very small part of his sales. In condom category, he has kept many competitor brands like Cobra, partner etc. Retailer says that demand for cobra and other brands is more because people prefer featured condoms.

Baletaksar

Baletaksar is a consumption area. It is one of the VDC of the Gulmi district which comes on the way to Tamghas from via. Palpa district. It falls on the highway road. Population of the VDC is around 5000. There are 20–22 NTO stores in this VDC, whereas only 2 TO outlets are there. Bus connectivity at Baletaksar is very fast. There are more than 25–30 bus routes/per day. It lies on highway which goes to Tamghas, District headquarter, which is also the nearest headquarter. Pushpa Pharma is in existence from last 20 years. It is the oldest shop in the VDC.

He handles the following:

- X-ray
- Antenatal
- Lab test
- General ailments

He has visiting doctor arrangement for:

- Ortho
- Gyne
- ENT

Ram Chandra Gyawali is Senior Assistant Health worker. He is serving in Sub Health post from 10 to 2. He owns his medicine shop in Balestaksar. There are only 2 medicine outlets (TO's) in Balestaksar VDC. People from nearby 5–6 VDC come to Balestaksar for buying medicine. It is so because his medicine shop is oldest and known for availability of all medicines. He has many regular customers. Being the oldest medicine shop he has got good reputation in the market. He procures stock from Everest distributor, Butwal or Akash distributor, Tamghas. Sometimes he also orders to Sidh Medico, wholesaler at Tamghas. When he needs stock, he gives a call to the respective party, they deliver it till his shop, as it falls on highway road which crosses from baletaksar. All transport charges are borne by distributor/wholesaler. He orders CRS products just once a month, whereas other products are ordered twice or thrice a month. Total order amounts to NPR 250000, which contains all products, out of which CRS products are 10%, NPR 4000–5000. He gets a credit period of 45 days. There is no credit period for CRS products. They are bought on cash payment.

Khargyanj

This is a consumption area. There are 3 To's and 10 NTO's in this VDC. The way from Tamghas to khargyanj is made up of narrow and earthen roads. These are seasonal roads, which get blocked in rainy days. Connectivity with public transport is fixed and very less. Bus route to khargyanj is twice a day whereas jeep goes once a day. All 9 wards of this VDC are spread across area of 20–25 kms. Health post lies in ward 9, which is 1.5 hrs away by walk and takes 30 mins by car. Madan Srishta has kept stock of CRS since the time his shop is in existence. He is a graduate +AHW. Dhaal and Panther is preferred by Married men whereas Cobra is preferred by Young boy who demand for various featured condoms.

He procures stock from Tamghas, which is 19 kms far. He buys from the wholesaler:

- Anupam Pharma
- Babita pharma
- MaheshPharma

He orders stock on call and delivery of the stock happens the same day, it is so because Tamghas is not very far from Khargyanj. Stock is delivered via Public Transport i.e Bus. Transport charges are borne by wholesaler. Bus charges amount for stock delivery on the basis of carton and not weight. Bus charges NPR 100–150 per carton. Wholesaler sends his person for payment collection after 1–2 months, which means the retailer gets a credit period of 1 –2 months. Retailer orders stock once or twice a month. His monthly sale amounts to NPR 10000–12000.

Roads to Khargyanj are completely seasonal which means in rainy season, roads get blocked. Retailer overstocks before the rainy season arrives. His customers come from all 9 wards of khargyanj and even the passer-by also buys from his shop. He gives unlimited credit period to his old customers, which means customers return money to him on their disposal

Adguri

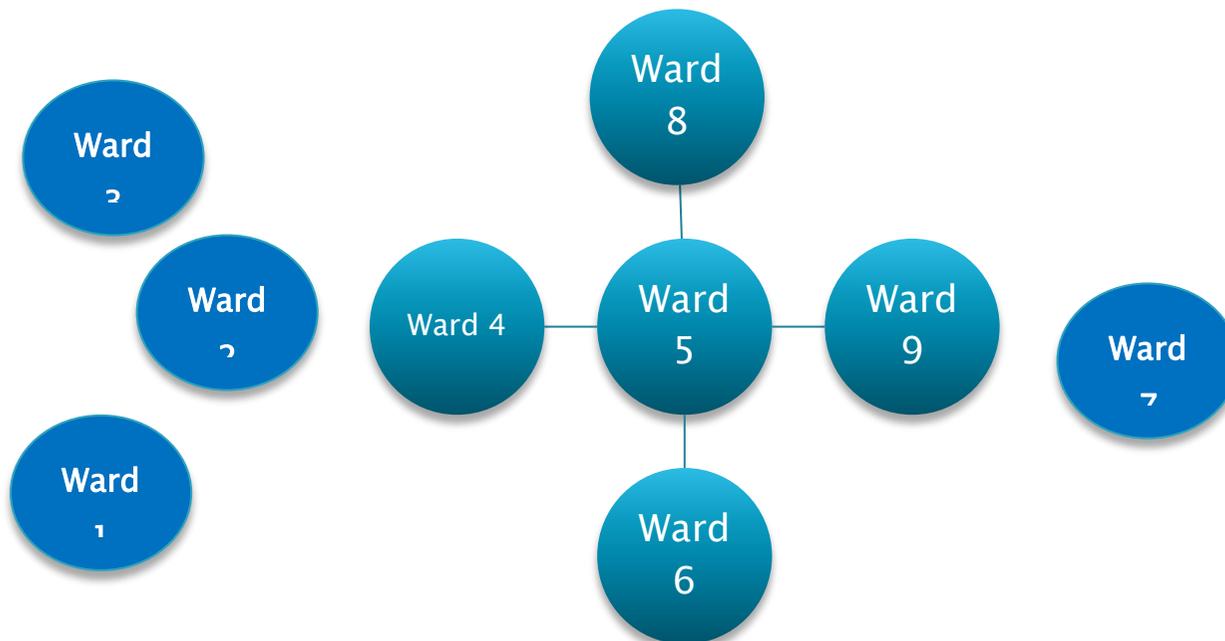
Sandhikharka is the headquarters of Arghakhanchi District in the Lumbini Zone of Nepal. It is located in a remote area of central Nepal, 380 km southwest of Nepal's capital of Kathmandu. Sandhikharka is small valley and head quarter of Arghakhanchi district, Lumbini zone, Nepal, surrounded by pine forests. Roads towards Adguri VDC are completely seasonal, which makes it difficult to travel by vehicle. Due to rain, road condition was bad. Roads were narrow, which makes it difficult to move a big/heavy vehicle. Tractor, Jeeps etc. can go travel in VDC till some point. To reach ward 5 of VDC, there is no mode of transportation available. Walk of 3 kms is mandatory. There is no electricity in the VDC but solar panels are working. Every house in the ward has radio whereas only 5 HH have television sets available. Bus connectivity to the place is very infrequent.

There is one female health worker in ward. She is appointed by the local bodies. She gets supply of stock by government hospital. She deals with the following:

- Family Planning issues (Supplies free condoms and pills)
- Citamol (fever)
- ORS

Description of the ward

Population of the ward 5 is 560, with 112 HH situated .There are 4 NTO's and 1 Medical outlet in ward 5 of Adguri VDC. Ward 5, 8, 9 are in close proximity to each other whereas other wards are



situated at more distance. Health Post is situated in ward 3, which takes 1.5 hrs. by walk from ward 5.

Major male occupation in the ward:

- Nepal Army
- Indian Army
- School Teaching(5)
- Agriculture(Maximum)- Maize, wheat, rice

Female occupation

- Teaching(few of them)
- Housewife

Most of the young people in the ward were secondary pass and graduate. People from mixed economic levels live in this VDC, even then people prefer price over quality. People of the ward are good in terms of personal hygiene. They are quiet and hard working

Retailer

Lakh Bahadur Sumai is CMA (Community Medicine Auxiliary) by profession. He is running this shop from, last 6 years. Since that time only he is keeping stock of CRS products. Being the only medicine shop in nearby wards, his reputation is built in the market which further adds to the footfall in the shop. He has decorated his shop very well with CRS products displayed on every corner. He procures stock from Tridev Pharma, wholesaler at Sandhikharka. Sandhikharka is 18 kms far from Adguri. Private vehicle will take 1 hr to cover that distance whereas by walk it takes 3 hrs. Order is placed on call to the wholesaler and by evening wholesaler sends the stock. Wholesaler uses jeep as a mode to send stock till some point, after that stock is collected by self/person. It takes 30 mins to walk with stock (carton) to shop. With average order amount of NPR 20000, he orders thrice a month. Transportation charges are borne by wholesaler. It costs NPR 100 per carton from Sandhikharka to Adguri. Wholesaler gives a credit of 1.5 months to the retailer. CRS products hold only 5% of total order that retailer places to wholesaler.

Customer

Major problem areas in the VDC are:

- Diabetes
- Hypertension
- Respiratory problems

Footfall per day in shop is close to 15-20 customers. He gives home check-up services also, for which he charges extra amount.

He gives credit period of 1 month to his customers. His monthly sales turnover is around NPR 40000. In order to increase the footfall, Mr. Sumai has advertised in Local Radio for 1 month about his shop and kind of services he provides. Advertisement for 1 month costed him NPR 2000, at the same time helped in increase footfall. Radio advertisement works in 20 districts. Below is the table showing stock pattern and sales per month:

Product	Stock in the shop (Dispenser)	Sales per month (Dispenser)
Dhaal	10	3-4
Panther	10	3
Sunaulo Gulaf	5	1
Nilicon white	5	1
E-con	2	5-7 strips
Nav Jeevan	3	2
Sangini	2	1

Table 22 Stock & Sales

Butwal

Butwal is a large town in southern Nepal in Rupandehi District, in Lumbini Zone. Butwal is considered as the administrative center. It is located 240 kilometres west of Kathmandu and 22 kilometers north of Bhairahawa, at the northern edge of the Terai plain below the Siwalik Hills. Its name is derived from Batauli Bazaar in the town's oldest district. Through highway and air links, Butwal connects western Nepal to the capital Kathmandu. It has highway connections to the Indian Border at Sunauli and to hill towns Tansen and Pokhara. Butwal is a major gateway to Nepal. It takes 5 hrs. by road to cover 270 kms from Kathmandu to Butwal. Butwal is the main feeder area; it lies in Rupendehi district, but caters to the needs of all the other districts in the Lumbini zone. 1 distributor and 50-60 wholesalers of CRS are situated in Butwal market. It caters to the needs of not only Rupendehi district but also of Gulmi, Palpa and Sandhikharka districts. Being the hub feeder area, transportation of goods from this area has never been a problem. Frequent bus routes are available from Butwal to various other districts and location. CRS warehouse is situated in Butwal which makes it easy to transfer stock to distributor and wholesaler situated there.

Wholesaler

Dona Dev Kumar is the owner of this 25 year old shop. He is distributor of 10 companies and wholesaler of 8 companies. His coverage includes all the districts falling under Lumbini zone. His coverage is not limited till district headquarters but also interiors. He owns a Mahindra pick-up which he uses for delivering stock in local area and nearby districts, whereas he used Bus/Jeep routes to send stock in the interiors. He gets stock from Everest distributor, Butwal. Distributor supplies his stock thrice a week, i.e Mon- wed- Fri. He gets credit period of 45 days for making payment. He sends his employee twice a month for order as well as payment collection. He has 200+ retailers to whom he supplies stock. His customer's i.e retailers are spread in far off interiors also. Public Transport i.e Bus, Jeep is being used to deliver stock to them. All transportation charges are being borne by him only.

Table below shows journey description:

From	To	Terrain	Road	Height (in meters)	Distance (Kms)	Time (hrs)	Speed (kmh)	Mileage	Cost =d/m* fuel cost	Cost per km
Butwal	Ridi	Hills	Metalled	639	75	2:30	30	7	986	13.17
Ridi	Baletaksar	Hills	Metalled	1344	14	45mins	19	6	215	15.36
Baletaksar	Juhang	Hills	Gravelled + Wet mud	850	31	2:30	12.4	3	951	30.77
Baletaksar	Tamghas	Hills	Metalled	1567	30	1	30	7	395	13.17
Tamghas	Khargyanj	Hills	Gravelled +mud	734	20	1:30	13.33	3	613	30.65
Khargyanj	Mankot(HP)	Hills	Gravelled +mud	750	5	30mins	10	2	230	46
Tamghas	Butwal	Hills	Metalled	150	125	5.5	23	5	2300	18.4
Butwal	Adguri	Hills	Metalled +Gravelled	1174	126	6.5	19	5	2318	18.4
Adguri	Sandhikharkha	Hills	Metalled	1224	14	1	14	6	215	15.36
Sandhikharkha	Butwal	Hills	Metalled	150	136	4:30	30	7	1787	13.14

Table 23: Information on Transportation

MID-Western Region

Banke is located in mid-western region with Nepalgunj as its district headquarters, covers an area of 2,337 km² and has a population of 503,874. Banke lies in terai (plains) region of Nepal and bordered with Bardiya district in west and Uttar Pradesh (India) in south. Unlike other districts of mid-western region various small scale industries are mushrooming here which provide employment to 5,000 people.

Banke district being situated in Terai region has significant network of 150kms of black top and hence well connected with major cities of Nepal. 49% electrification and 19 banks are present in Banke which give fair intimation of district's infrastructure.

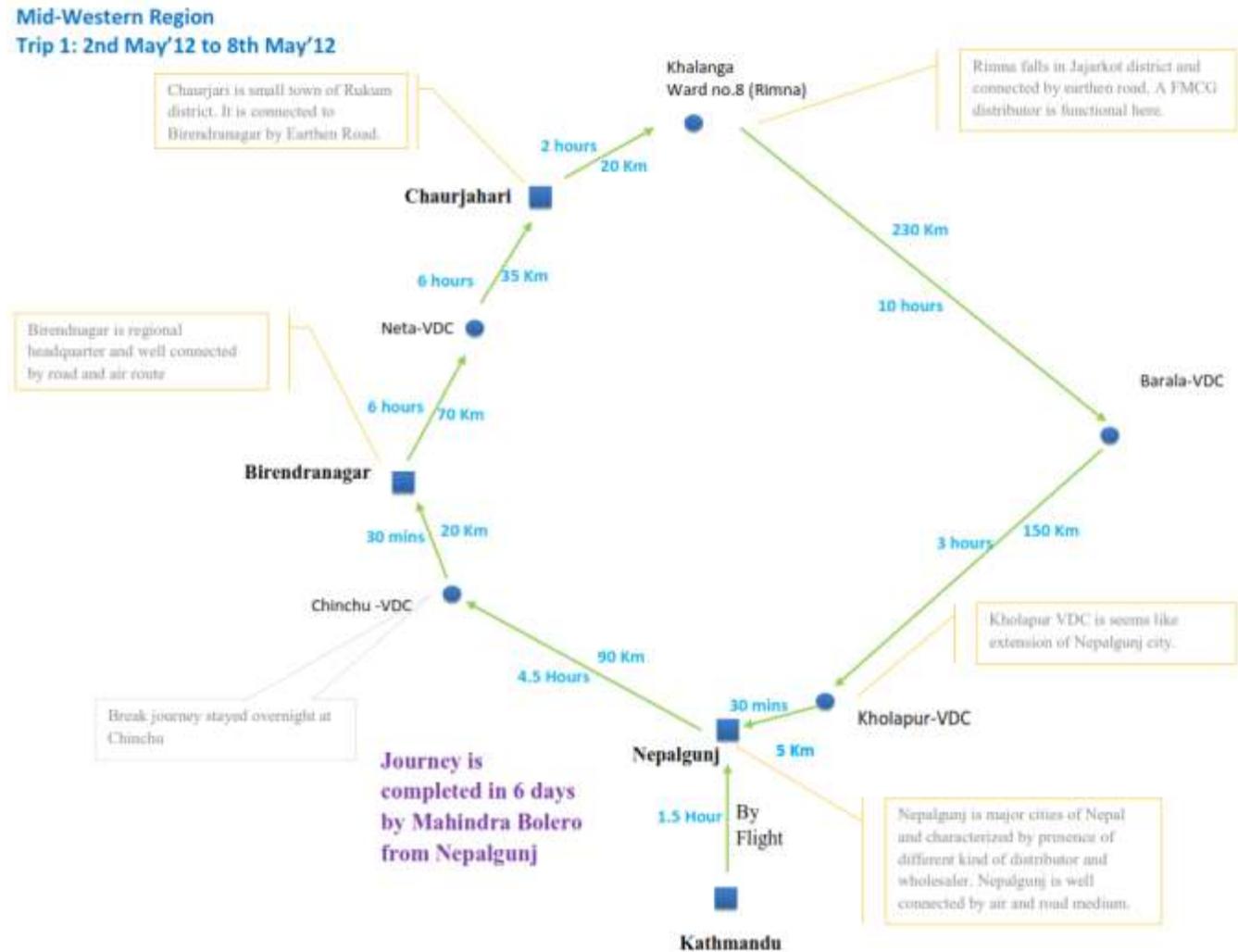


Diagram 10 Study Trip in Mid-Western Region

Snapshot of Study Locations

Demographic Indicators

District	Total Population	Male	Female	Avg. Household Size	Total Households
Banke	258,873	245,001	503,874	7	87,848
Surkhet	177,577	181,174	358,752	7	56,011
Rukum	113,248	110,369	223,616	7	39,755
Jajarkot					

Table 24: Demographic Indicators of Districts

Family Planning Statistics

District	Particulars	Condom	Pills	Depo	IUD	Norplant	Total sterilization	Total all methods
Banke	New Acceptors	4782	2315	6888	151	609	1496	16241
	Current Users	4782	2304	8137	200	570	22248	38241
	CYP	4782.01	1448.31	7231.75	1208	3080		17749
Surkhet	New Acceptors	3876	2510	5284	1190	342	1353	14555
	Current Users	3876	2663	5750	1274	563	20,434	34560
	CYP	3876.9	2106	6355.5	9728	1800	-	23866.4
Rukum	New Acceptors	3876	2510	5284	1190	342	1353	14555
	Current users	3876	2663	5750	1274	563	20,434	34560
	CYP	555.62	631.31	2208.25	736	525		4656.18

Jajarkot	New Acceptors	985	1406	2223	36	227	91	4968
	Current users	985	1070	3161	129	213	3544	9102
	CYP	985.58	812.08	129	288	1135		3349.66
Jajarkot	New Acceptors	985	1406	2223	36	227	91	4968
	Current users	985	1070	3161	129	213	3544	9102
	CYP	985.58	812.08	129	288	1135		3349.66

Table 25: Development Indicators of Districts

Health Facility

District	Hospitals Govt	PHCC	HP	SHP	Outreach	EPI Clinic	NGO/INGO/PVT
Banke	4	3	9	35	147	268	7
Surkhet	1	4	9	38	172	181	5
Rukum	1	4	9	38	172	181	5
Jajarkot	1	2	7	25	100	143	1

Table 26: Health Facility Indicators of Districts

Profile of Districts

Banke

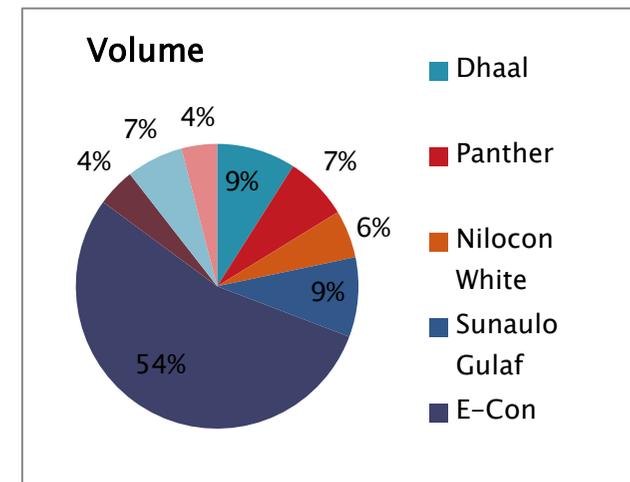
Nepalgunj comes among the major cities of country. This city has developed infrastructure in terms of medical, education, hospitality and connectivity facilities. Nepalgunj provides better health care facilities due to presence of various government and private health institute, so patients from remote areas visits Nepalgunj for treatment. To serve them there are 150 medical retail outlets present in city.

Nepalgunj city is well connected to major airports and also by road routes, which entails leads to establishment of dealer, distributor and wholesaler of various products categories. Nepalgunj is major business hub of mid-western region therefore supply's to many feeder markets present in region like, Chaurjahari (discussed later). CRS has appointed six distributors in mid-western region and one of them is at Nepalgunj. CRS regional area office and ware house is also present at Nepalgunj. CRS Nepalgunj area office have 6 staff member which includes area manager, filed manager , account officer, sales promoter, driver and office boy. CRS has posted three rural field representative (RFR) at Rukum, Dang and Bardiya district to achieve mandate of GGMS.

United Drug Centre

United drug centre set up 8 years back and currently engaged in distributorship of 87 companies. He majorly caters the demand of 4 districts of mid-western region through the channel of 356 medical retailers & 45 wholesalers. He has employed 3 feet on street, 1 accountant, 1 stock management and 1 driver for 4 wheeler for smooth running of business. United drug house's monthly sales revenue is NPR 1 crore and accommodates monthly expenses of NPR 1.3 lack in terms of paying salary to staff, electricity & phone bills and fuel expenses.

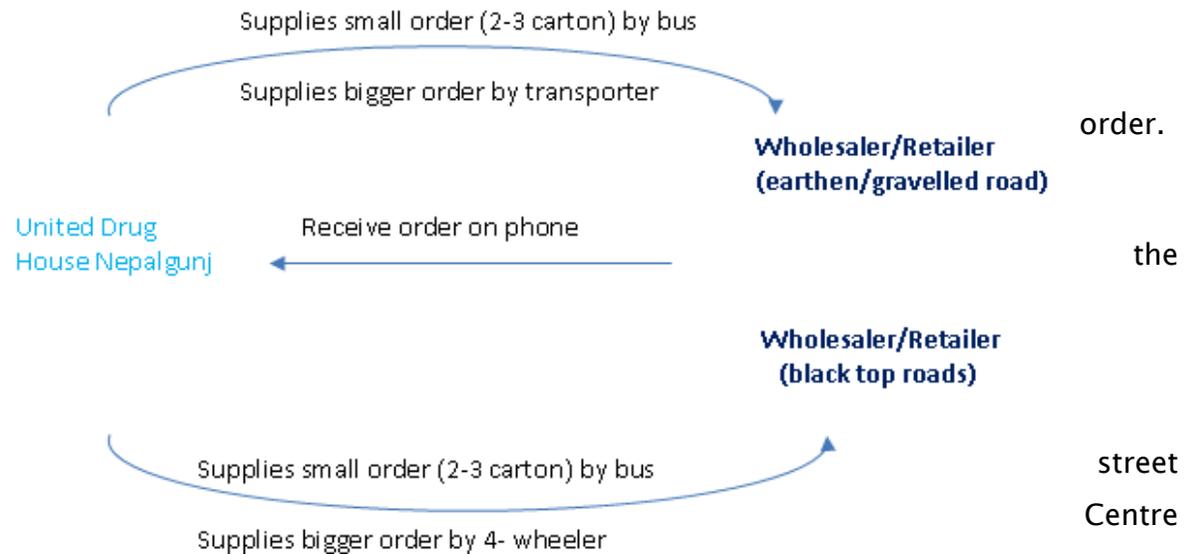
CRS field officer visits him frequently for order taking and payment collection. CRS order to distributor either by CRS vehicle or local rickshaw. He stocks all products of whose aggregate contribution towards his revenue stand only 4-5 %. His average stock of CRS products is NPR 4.1 lack. Below figure shows % holding of stock by value and respectively.



supplies
CRS,
holding
volume

He uses both public transport and 4-wheeler for goods movement to wholesaler/retailer location depending on order size and road availability. Say, for example, to supply a bigger order of i.e. around 500kg to wholesalers/retailers of Birendranagar where black top roads are available using his own 4-wheelers will be most economical option, whereas if order size is as low as 2-3 (60 kg) cartons public transport will be more variable. Locations which have earthen/gravelled roads are attended by using public transport for smaller order and transporter for larger

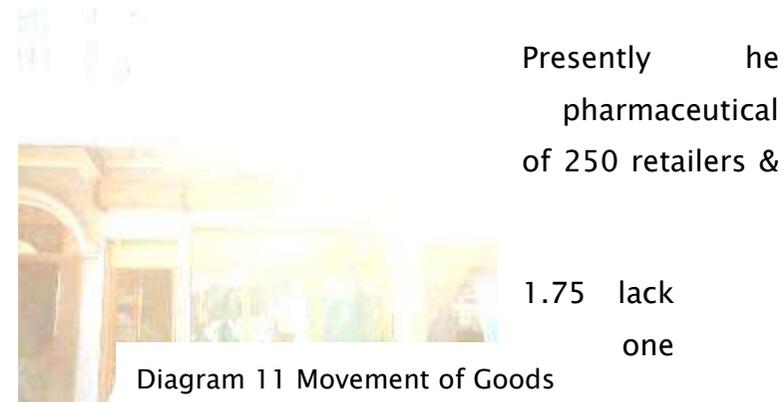
He follows permanent weekly journey plan to cover medical retailers of Nepalgunj city for order picking, on spot delivery of small order and payment collection, however he stated weekly PJP for distance location is not possible hence monthly PJP is followed. It is also important to state here, primary objective of feet on following monthly PJP is payment collection. United Drug not prefers to give credit to unfamiliar or new wholesaler/retailer; only those retailers who have been procuring medicine on cash for a year become eligible for credit. United Drug Centre can provide credit of NPR 2lack to 10 lacks depending on wholesaler/retailer potential.



Welfare Medical

Gupta Ji, owner of Welfare Medical set up this shop 3.5 years back in Nepalgunj market. stocks medicine of 30 different companies, off which he holds distributorship of 4 companies. Welfare medical has extended its distribution network in 4 districts with the help 5 wholesalers.

Monthly sales revenue of Welfare Medical is NPR 28 lack, and incurs monthly expenses of NPR 1.75 lack one. He has employed two helping hands for running business operation; one feet on street and

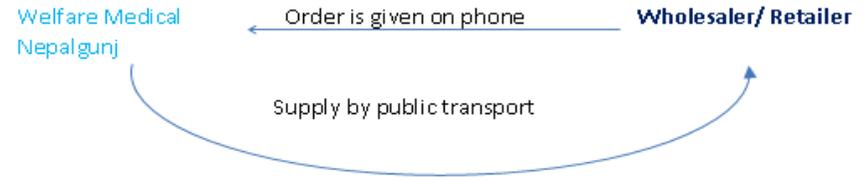


accountant. He procure CRS product from United Drug Centre (discussed earlier) using local transport medium rikshaw. He owns a two-wheeler which is used by FOS for local market coverage. Gupta Ji mentioned he received medicine on credit period of 3–6 month which he passes to his channeled retailer/wholesaler. Welfare Medical focuses on remote retailers rather than local medical retailer of Nepalgunj.

Welfare Medical receives order from retailer/wholesaler on phone and use public transport – bus for supply. He mentioned following merits and demerits of using public transport for supply.

Merits

- Economical: Nominal charge of NRP 80 to 200/carton.
- High frequency: 10 buses run on a route.
- Tracked: can be tracked through mobile.



Demerits

- Driver does hold responsibility of theft, but not of breakage.
-

To conclude, Nepalgunj has distinguish importance in mid–western region which not only act as feeder market for region but also provide best health and education facility in region.

Surkhet

Surkhet is a district in the Bheri Zone of the Mid–Western Development Region of Nepal. Birendranagar administrative headquarter of Surkhet as well as the whole Mid–Western Development Region. Surkhet lies within the Surkhet Valley, which is about 50 km² in size, and is approximately 400 kilometres the Nepalese capital of Kathmandu.

Surkhet is accessible by air service and roads from various parts of the country. Ratna highway links it rest of Nepal. Karnali Highway, recently under construction and being black topped, will link Surkhet

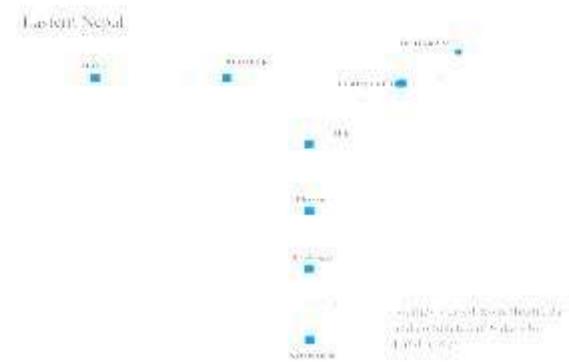


is the District west of to the to the

remote Western region Karnali. An air service connects Surkhet to Kathmandu, Nepalgunj, Jumla and several other districts. It has a regional hospital which provides basic medication for its people. The main occupation of people is farming.

Birendranagar is named in honour of late King Birendra who planned & established the city. Birendranagar is largest valley of mid-western region, well connected by roads & air routes. It is connected by blacktop roads and hence it took 5 hours to reach Birendranagar from Nepalgunj.

Birendranagar is established feeder market. Distributor and wholesaler of wide range of and commodities are functional here and cater to demand of surrounding districts, karnmali zone's districts like Jumla and Mugu.



products majorly of

Naveen Drug House

Naveen drug house is CRS appointed distributor in Surkhet district. He set up in motion and holds the distributorship & wholesalership of 20 and 50 companies respectively. the channel of 160 retailers & 5 wholesalers he is fulfilling demand of 5 districts.

in 2001 Through

Companies who have appointed him distributor supplies products at door stop through their respective transporter, whereas he himself procures products of remaining companies from *United Drug house, Nepalgunj*

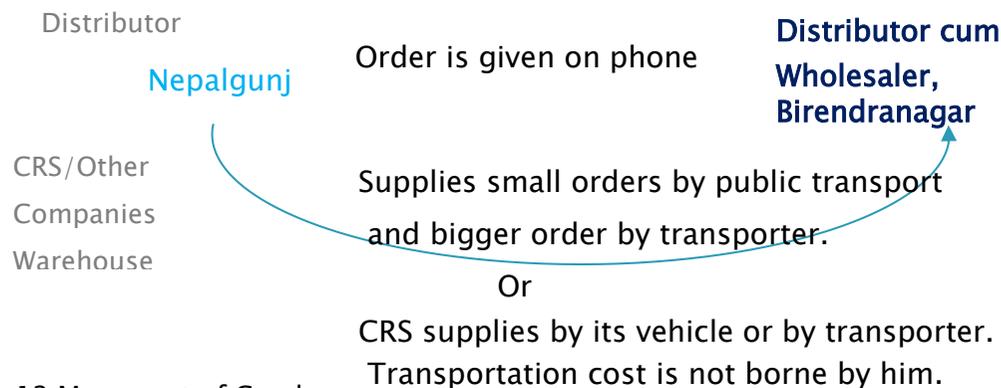


Diagram 12 Movement of Goods

Type of transport medium used for goods movement depends on order size. Nepalgunj distributor supplies small order of one – two cartons by bus, whereas if the order size is bigger professional transporter is used. Many a times CRS also uses its vehicle for goods transport if area manager happen to visit Birendranagar for market supervision. Table given below will give fair understanding of transportation cost through different mediums

Mode of Transport	Unit	Factor	Distance in Km	Time in Hr	Cost in NPR
Public Transport – Bus	Material	Carton	110	6 Hour	100/Carton
Professional Transporter	Material	Kg	110	7.5 Hours	20/Kg
CRS Vehicle	Material	Carton	110	5 Hour	12/km(fuel)

Table 26 Modes of transport from Nepalgunj to Birendr

Naveen drug house’s monthly sales revenue is 16lac and his monthly expenditure on shop rent, electricity & salary in total stands around 1.1lac. He has appointed 3 streets on feet (FOS) for order picking and payment collection. His yearly sales of CRS products are 7.5lac and have given order to CRS only 5 times between March’11 to March’12 with average order size of 1 lac.

He supplies goods to channelled retailer using different transportation medium depending on terrain. He owns two – wheelers which he uses to supply small order up to surrounding vicinity of 25 kms. He do follows journey plan for FOS but in unplanned manner.

Rana Medical Hall

Rama medical hall is among the few traditional outlets which derive the major sales in Birendranagar. Raju rana, owner of the Rana medical hall, is famous paramedics in the area and patients from surrounding 50 kms visits his shop for treatment. His wife is also paramedics and aggregately they consult 60 patients in a day. He does not charge for treatment, but in return patient is supposed to buy prescribed medicine from him. Monthly sales revenue of Rana medical hall is NPR 3lac and he incur monthly expenses of NPR 45,000 in terms of shop rent, electricity, telephone bill etc. He has been visited by feet on street (FOS) on weekly bases by Birendranagar distributor and wholesaler for order picking and payment collection.

He sells all CRS products ranging from Dhaal, Panther, Sangini, Sunaulo Gulaf, Nilicon White and E.con. Here average inventory of CRS products is NRP 5000 and all products are well placed at counter as shown in adjoining picture.



Mode of Transport			
Local Transport-Rikshaw	Material	Carton	1-2
Distributor's/Wholesaler's - 2 wheeler	Material	Carton	1-2

Shyam Khadiyan Kiryana

Shyam Khadiyan Kiryan is grocer present at outskirts of Birendranagar city. Shyamlal, owner, man and serving to households of a ward of Birendranagar city. He sells wide range of FMCG commodities like biscuits, soap, cold drink, rice, sugar, salt, floor etc.



is a 56 year old man and selling a wide range of products

Diagram 14: Distributor to NTO

CRS sales promoter appointed Shyam Khadiyan Kiryan as non-traditional outlet 6 year back and since then he is selling dhaal, panther and navjeevan. He averagely sells two dispensers of dhaal and one of panther in month. Monthly CRS sales promoter visits him from Nepalgunj and full fill stock according to requirement.



Shyam khadiyan kiryana gets supply of FMCG products from FMCG distributor of Birendranagar. FMCG distributor follows permanent journey plan (PJP), this shop visit shops twice a week and does on the spot delivery. CRS sales promoter posted at Nepalgunj visits shyamlal shop once a month from public transport and supplies CRS product according to requirement.

Monthly sales revenue of Shyam khadiyan Kiryana is NPR 30,000 and he bear expenses of NPR 5,000. He has stocked CRS product of NPR 300. To conclude, Birendranagar, being the biggest valley in mid-western region and has excellent connectivity by road and air, is among the largest feeder markets of mid-western region.



Rukum (Chaurjahari)

Rukum district is hill and mountain district to some 280 km west of Kathmandu in Rapti zone of Nepal's mid-western region. Rukum covers an area of 2,877 Km² with population of 223,616. Musikot is districts headquarter. Elevation ranges from below 800 meters along the Bheri and its lowest tributaries to about 6,000 meters in the Dhaulagiri with a range of climates from tropical to perpetual snow and ice. Rukum is considered remote because air and road routes are extremely bad. Earthen roads and two rudimentary airports facility make movement of goods and human being difficult in region

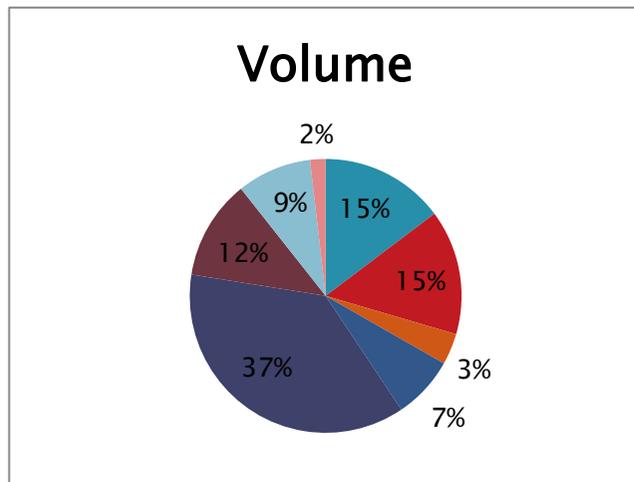
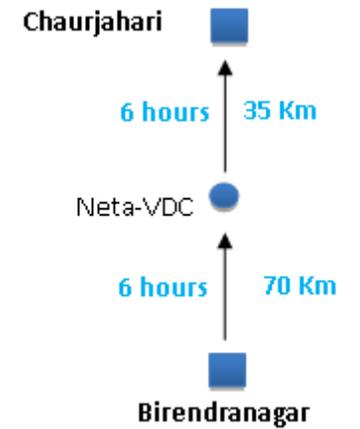
Compare to earlier discussed location Chorjhari is comparative small town of Rukum district. Chorjhari is habitat of 1,701 people and located at the height of 200 meters above sea level. Chorjhari is sickly connected by road (as shown in picture below) & air and remain disconnected during rainy season. This can also be understood by adjoining figure; it took us 6 hours to cover 35 km from Neta-VDC (Salyan) to Chaurjahari; however in same time we covered 70 kms of distance from Birendranagar to Neta-VDC.

Chorjhari is smaller feeder market has 50 odd shops of diverse products categories like FMCG, stationery, electronics, garments and medical. CRS has appointed one distributor at Chorjhari to cater districts of Karnali Zone.

Kalika Medical Store

Nirmal deepoli, owner, is paramedics practicing in Chorjhari from last 13 years. He set up Kalika Medical Store 5 years back and playing a diverse role of a distributor, wholesaler, retailer and paramedics at the same time. Kalika Medical Store is engaged in distributorship of 4 companies and wholesaler of 33 companies.

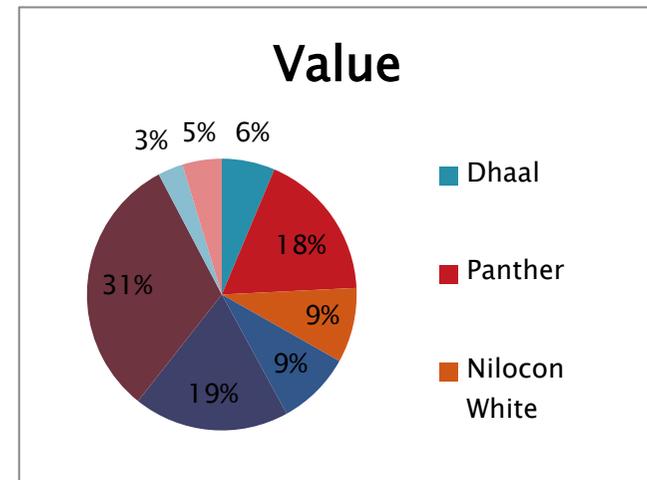
Kalika Medical Store's monthly sales revenue is NPR 9 lack and bear expenses of NPR 30,000. He is associated with CRS from last 1.5 year and procured products only thrice between March'11 to March'12. He has not employed any staff member to support his business operation. His yearly sale of CRS products is NPR 2.8 lac and keeps average inventory of NPR 24,000 of CRS Company. Below charts are reflecting his holding of CRS products in value and volume respectively for month of November 11'.



Nepalgunj

CRS/Other
Companies
Warehouse

Chart 8: Volume and Value Contribution



Distributor cum
Wholesaler cum
Retailer
Chorjhari

← Order is given on phone

Supplies small orders by public transport
and bigger order by transporter.

Or

CRS supplies by its vehicle or by transporter.

Diagram 15: Distributor to Wholesale

Mode of Transport	Unit	Factor	Distance in Km	Time in Hr	Cost in NPR
Public Transport - Bus	Material	Carton	208	19 Hour	400/Carton
Professional Transporter	Material	Kg	208	22 Hours	25/Kg
					45/kg (Rainy Season)
CRS Vehicle	Material	Carton	208	17 Hour	18/km(fuel)

Table 28: Modes of transport from Nepalgunj to Chorjhari

Kalika Medical Store supplies to wholesalers/retailers of Karnali, Rukum, Jajarkot and Salyan district through bus tractor & mules depending on road type and climatic condition (shown by figure below). Kalika Medical Store supplies to medical retailer operating at Reemna (discussed later) which is 20 km from Chorjhari through mules, where transportation cost of NPR 30/carton is borne by Rimna's retailer, however for transporting to far distance locations of Jumla district transportation cost is NPR 140/kg which is also borne by respective retailer.



To conclude, Chorjhari is consumption market place which gets supply from Birendranagar & Nepalgunj and directly feeds to surrounding VDC using transportation medium like mules, tractors and buses.

Jajarkot (Rimna)

Jajarkot is one of the districts in mid-western region fall in Bheri zone. Khalanga is districts headquarter of and it has 30 VDCs and each VDC in turn has Nine Wards which are the smallest geographical units. Infrastructure is poorly developed in Jajarkot. Connectivity to Jajarkot suffers from high degree of severity, as there are no airports & blacktop roads present. Only 34 kms of earthen road is present in this vast district which connects it to Surkhet & Salyan.

Ward no. 8 of Khalanga is also popularly known as Reemna. Ward 1 of Khalanga is major business centre located at 2 hours journey from Rimna on foot. Reema is at distance of 20 kms from Chaurjahari (discussed earlier) which is poorly connected by roads. It's a two hour journey from Chaurjahari to Rimna on Mahindra Bolero. Reemna is habitant of 50 households who are majorly involved in agriculture.

Reemna is hub of small distributor & wholesaler who procure products from Nepalgunj & Birendranagar to meet demand of VDCs falling in the vicinity. There are around 20 shops of different products including 1 FMCG distributor. Mules & porter is only transport medium available for movements of goods to VDCs from Rimna.

Parmila Clinic

Balbhadrur Bali of Parmila Clinic is functional in area from last 8 years. Patients from surrounding 10-15 his clinic for treatment. Like other paramedics he also does not charge any consultancy fee but patient buy prescribed medicine in return.

He has kept stock of 8 companies which he says sufficient for basic treatment. Around 30-40 patient his clinic daily for treatment. His monthly turnover is NPR 30,000 and beside this he bears expenses of towards shop rent and electricity and mobile bills.

He himself moves to Chorjhari for buying medicine on foot or bus. He has kept all CRS products and gets from Chorjhari distributor or by RFR. He procures medicine from Kalika Medical Store, Chorjhari (discussed earlier) on credit period of 3-4 months.



Mode of Transport	Unit	Factor	Distance in Km	Time in Hr	Cost in NPR
Porter	Material	Carton	20	2 Hour	15/kg
Mules	Material	Kg	20	2	50/Kg

Table 29: Modes of transport from Chorjhari to Rimna

To conclude, Rimna possibility of reaching seems difficult, hence medium like mules and potter are used.

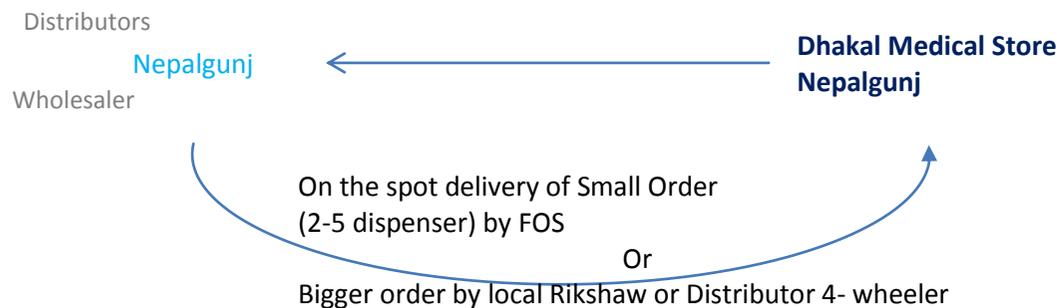
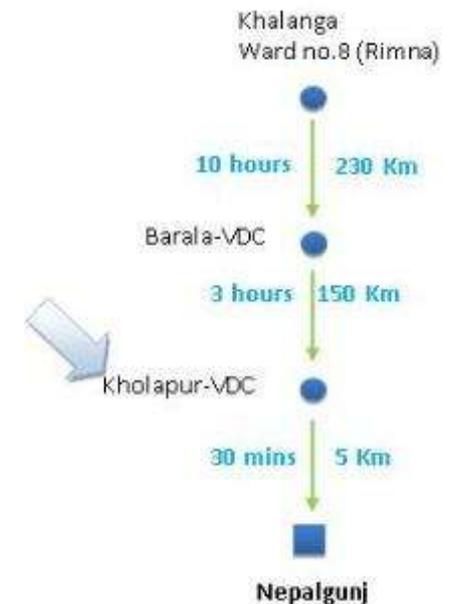


Diagram 16: Distributor to TO

directly feeds to VDCs where through tractor and buses alternative transportation



Dhakal Medical Store

Mrs.Rekhawali is has started Dhakal Medical Store 5 years back at Kholapur bus stand. There are four other medical outlets in same vicinity.

Around 20–30 patients visits her shop from surrounding 5 kms for treatment. Her monthly sales revenue between NPR 5000 to NPR 5500.Dhakal Medical Store’s pays expenses of NPR 4000 towards shop rent and electricity & mobile bills.

Dhakal medical store is very frequently visited by feet on street of different distributor/wholesaler operating from Nepalgunj. She buys medicine on credit period varying from 3–5 month. She order size varies from NPR 200 to NRP 5000.

Dhakal Medical Store get on the spot supply of demanded medicine from feet on street, where as bulky order of 4–5 carton are supplied using local rickshaw She also visited by medical represented of various pharmaceutical companies for promotion of new medicines. She has kept CRS stock NPR 1500 and yearly sells CRS products of worth NPR 20,000.



Adikari Cold Centre

Adikari Cold Centre is present at Kholapur bus stand. Wide variety of products is available here like cold drink, snacks tobacco products and many fancy item handkerchief, nail polish & deodorant. Adikari cold centre is appointed as non-traditional retailer (NTO) by CRS sales promoter posted at CRS area office, Nepalgunj. Goverdhan adhikari, owner, prefer to stock dhaal over panther because it movement is fast. He has kept 2 dispenser of dhaal and monthly sells condoms of worth NPR 300.He has not kept any competitor brand at his outlet. His monthly sales revenue is NPR 60,000 and expenses are NPR 1500.CRS sales promoter visits his shop once in a month and supply's dhaal according to requirement.

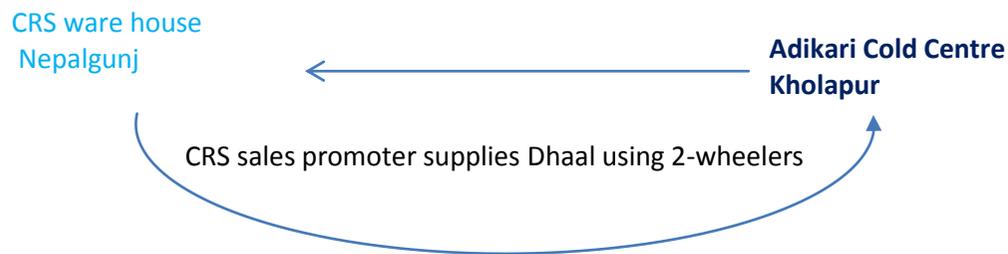


Diagram 17: CRS to NTO

Finally to conclude, four district of mid-western region are covered in period of 6 days starting from Nepalgunj (Banke) to Birendranagar (Surkhet) to Chorchari (Rukum) to Rimna (Jajarkot) and back to Nepalgunj via Kholapur VDC. Nepalgunj and Birendranagar are well connected and hence goods can be supplied easily with minimum transportation cost. Nepalgunj and Birendranagar is two major feeder town of mid-western region. Other districts have very bad road infrastructure which leads to significant increase in transportation cost. To reach interior of the adjoining VDC which does not fall on highway (plotted on page 1) different medium like tractor, mule or porter are used.

Far–West Region

Kailali district is located in seti zone of far–west region of Nepal, with Dhangadi as district headquarters, covers an area of 3,247 Sq. Kms. and has population of 869,432. The district also contains Tikapur Park, one of the biggest parks in Nepal, and Godha–Ghodi Tal Lake. Kailali district is habitat of 133,129 households, similar to other terai district, Kailali district has also developed as small industrial hub and, there are 21 registered industries providing employment to 2298 people

Dhangadi is head quarter of Kailali district which topographically lies in plains of far–western region. City has a population of 16,548 covering geographical area of 103.73 km². Dhangadi is 9th biggest city of Nepal by population and well connected to major cities of country. Dhangadi has two major tourist spots; Jokhar taal & ban devi temple.

Far-Western Region
Trip 2: 2nd July'12 to 7th July'12

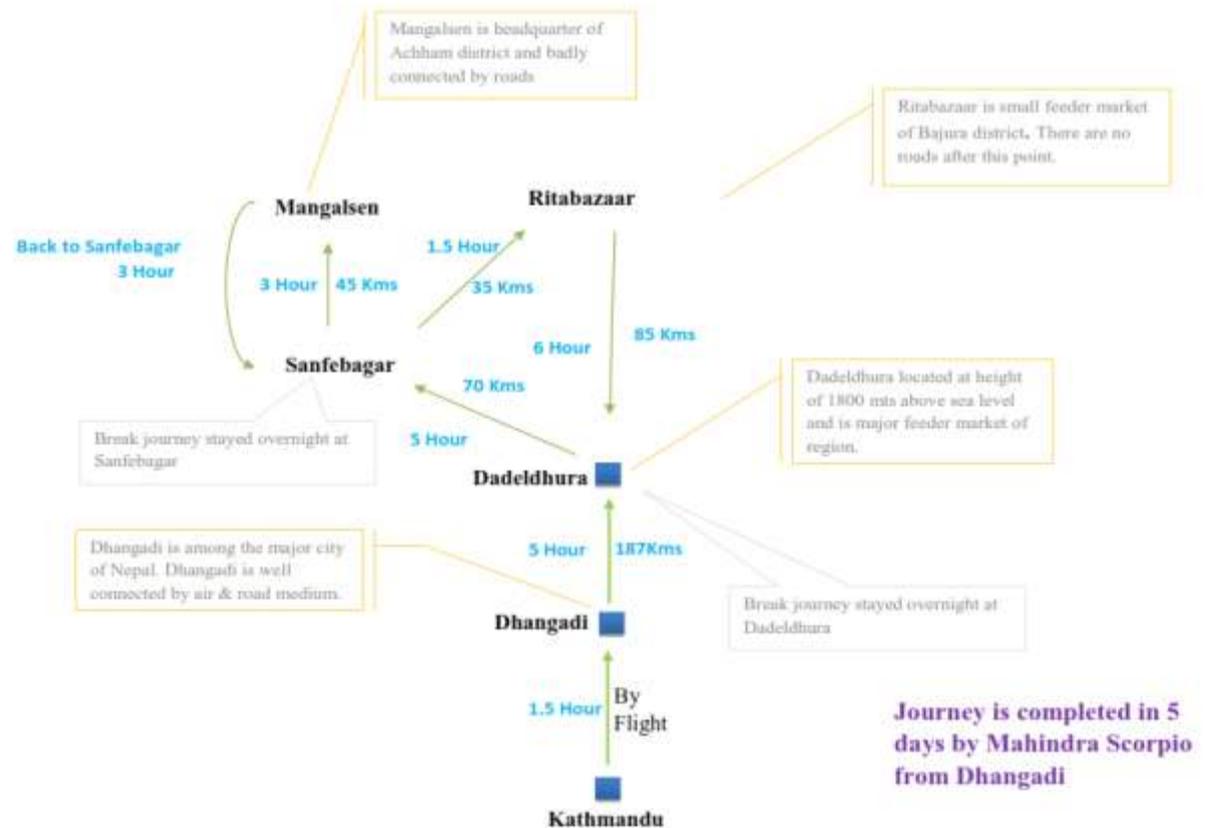


Diagram 17: Study Journey in Far Western

Snapshot of Study Locations

Demographic Indicators

District	Total Population	Male	Female	Avg. Household Size	Total Households
Kailali	440,302	429,130	869,432	9	133,129
Achham	125,070	140,318	265,388	6	265,388
Bajura	62,487	63,779	126,267	6	23,654

Table 30: Demographic Indicators of Districts

Family Planning Statistics

District	Particulars	Condom	Pills	Depo	IUD	Norplant	Total sterilization	Total all methods
Kailali	New Acceptors	7177	1976	6145	392	328	3028	18986
	Current Users	7177	5099	10359	1030	2137	42431	68233
	CYP	7177.79	4325.31	9312	3136	1645	-	25596
Dadeldhura	New Acceptors	1123	559	1169	5	27	249	3132
	Current Users	1123	360	1521	69	108	3790	6971
	CYP	1123.55	635.54	1511.5	48	140	-	10430
Achham	New Acceptors	1520	1163	2085	14	85	164	5031
	Current users	1520	690	1970	43	61	3125	7409
	CYP	1520.02	596.08	1640.5	112	425	-	4293
Bajura	New Acceptors	1099	730	1114	99	-	88	7423
	Current users	1099	645	1203	140	-	2846	
	CYP	1099.35	584.62	873.25	1016	-	-	

Table 31: Development Indicators of Districts

Health Facility

District	Hospitals Govt	PHCC	HP	SHP	Outreach	EPI Clinic	NGO/INGO/PVT
Kailali	2	5	7	31	206	253	8
Dadeldhura	2	1	9	15	87	91	5
Achham	1	2	12	60	227	225	3
Bajura	1	1	11	15	58	109	1

Table 32: Health Facility Indicators of Districts

Kailali

Dhangadi is head quarter of Kailali district which topographically lies in plains of far-western region. City has a population of 16,548 covering geographical area of 103.73 km². Dhangadi is 9th biggest city of Nepal by population and well connected to major cities of country. Dhangadi has two major tourist spots; Jokhar taal & ban devi temple.

Household residing in Dhangadi district are majorly employed in small companies and other sectors like hotels, transportation, distributor & retailer and others. Dhangadi is a business centre for far-western region and provider of better education and health facilities. There are many education institutes like Kailali Multiple Campus, Ashwarya Multiple Campus which makes Dhangadi a good option for higher education perusal. Like Nepalgunj (*discussed earlier*), Dhangadi is also a bigger feeder market where distributor and wholesaler of wide range of products are established, who not only caters to local population, but also supplies to smaller feeder markets of far-western region located at different geographical terrain like Mangalsar & Sanfebager (*discussed later*).

CRS regional office and ware house is also placed at Dhangadi city. CRS has staff of five people at Dhangadi office which includes area manager, area field officer, administrator, office boy and driver for CRS 4-wheeler. CRS has also posted one RFR at Baitadi district to accomplish mandate of GGMS module. CRS has appointed one distributor in complete far-west region.

Western Pharmacy Pvt. Ltd.

Western Pharmacy private established pharmaceutical distributor in country with 1 office at Kathmandu and 8 distribution point in 5 developmental regions of One of its office and warehouse is present at Dhangadi, to supply goods in western region of Nepal.

Western pharmacy is holding distributorship of 120 companies, and managing distribution through channel of retailers and 20 wholesalers in west region. Western pharmacy supplies medicine its channel located at different geography through public transport and professional transporter.

Western pharmacy receives order from wholesaler/retailer on phone and supply is done either using public transport or professional transporter depending on order size, for smaller order public transport is preferred where as large order are supplied through professional transporter. A pictorial representation of order supply methodology is shown below.

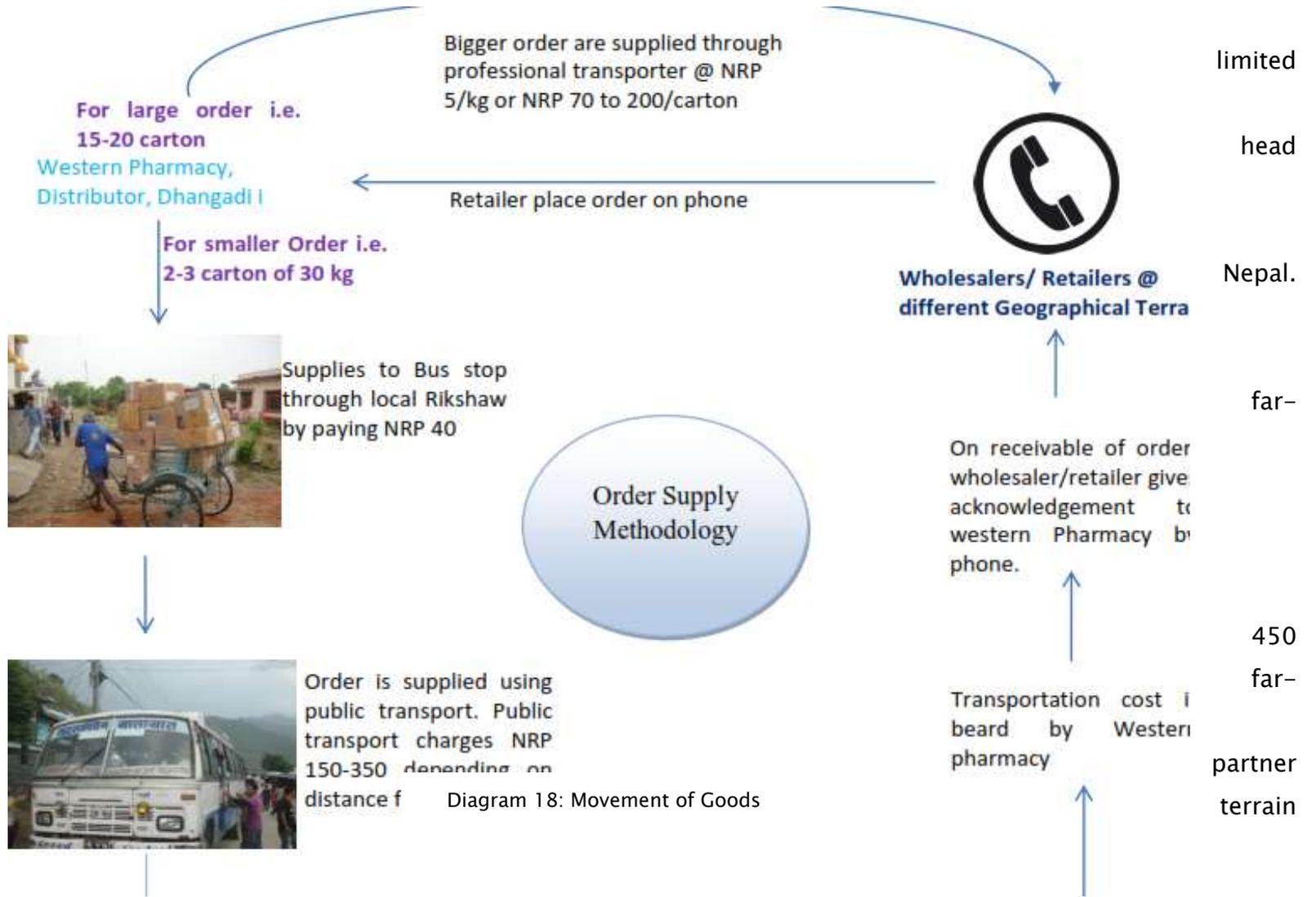


Diagram 18: Movement of Goods

Monthly sales revenue of Western Pharmacy is NPR 1.2 Crore and incurs expenses of NPR 4.75 lac under various head, like salary, shop & ware house rent, transportation cost, electricity and mobile bills. Western Pharmacy has deployed 7 staff member which includes 2 accountants, 2 feet on street, 1 receptionist, 1 stock handling & 1 goods dispatch manager. His monthly expenses towards salary of staff are around 1 lac. Western Pharmacy's yearly sales of CRS product stands around NRP 45 lack and maintain monthly stock of around 5 lacks. Western Pharmacy very actively launches schemes/offers in market for fast movement of stock, in addition to this western pharmacy also give discount of 2%-4% on cash payment.

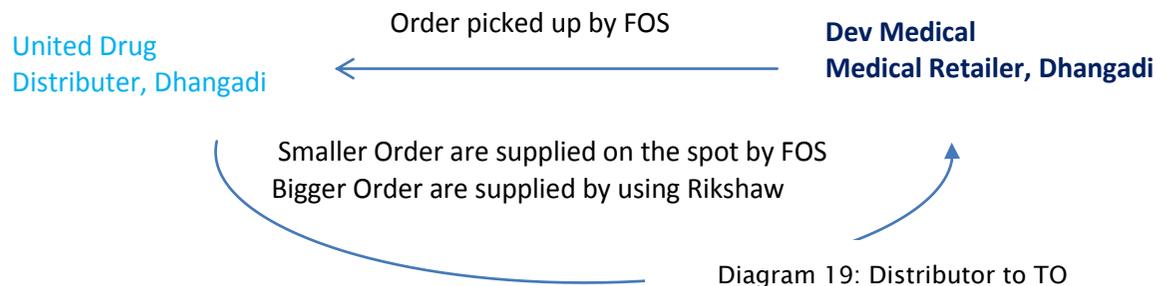
Dev Medical Hall

Radha Krishana, owner of Dev Medical Hall is holder of paramedic degree and functioning in Dhangadi city from last 16 years. Around 15 -20 patient visits to his shop daily from surrounding vicinity. Like other medical retailer in Nepal he also does not charge any consultancy fees to patient, but patient are supposed to buy prescribed medicine from him.

Dev Medical Hall monthly does a business of NPR 5.5 lack and bear expenses of NPR 12,000 toward shop rent, electricity & mobile bills etc. his yearly sales of CRS products is around NRP 25,000 and maintain stock of NPR 12,000. He has kept products of 20 different companies. Distributor's feet on street (FOS) visits him on weekly bases for order picking and payment collection.

Pradeep Kiryana Pasal

Pradeep Kiryana Pasal is located in middle of Dhangadi city. He has stocked variety of FMCG products ranging from confectionary to soap to shampoo to basic commodities like sugar & vegetable. Pradeep Kiryana Pasal's daily sales revenue stands between NPR 4500 to NPR 5000. Pradeep Kiryana Pasal is visited by various FMCG distributors twice in a week for on the spot delivery of products. CRS has appointed Pradeep Kiryana Pasal as non-traditional channel partner for selling dhaal, panther and navjeevan. Presently he has stocked only one dispenser of dhaal and panther. He gets supply of CS product from CRS vechical which cover this market once in a month.



To conclude, Dhangadi being located in terai region of Nepal is well connected to different districts of far-west region through blacktop road and hence act as feeder to towns located at different terrains of far-west region like Mangalsen & Sanfebagar (discussed later).

Dadeldhura (Dist. Hq. Dadeldhura Khalanga)

Dadeldhura district lies in Mahakali zone, with Dadeldhura Khalanga as its district headquarters covers an area of 1495Km² and has a population of 149,055. Dadeldhura district lies in four different geographical terrains these are terai, siwalik, middle mountain & high mountain. Dadeldhura is well connected by road to all major district headquarters of far-west region. Dadeldhura has wide network of black top roads, on contrary other aspects of infrastructure are poorly developed, like absence of airport, banks & higher education facilities. Health institution density (per' 000') is 1.87 in Dadeldhura district, which is closer to national average. Dadeldhura has 22 VDC & majority of its population is involved in agriculture for their livelihood.

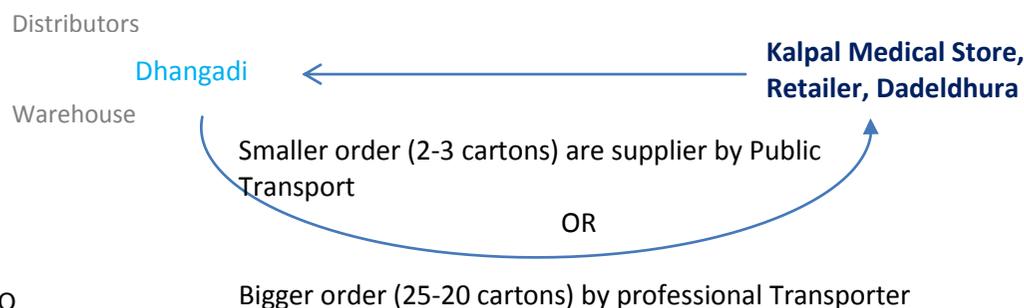


Dadeldhura Khalanga is head quarter of Dadeldhura district. Dadeldhura lies at the height of 1800 meter above sea level. Dadeldhura contains many local religious temples and city is seldom visited by tourists. Dadeldhura is another option for higher studies in far-west region after Dhangadi; there are three colleges in city offering various graduate & post graduate courses. Offices of some development agencies like JICA, GIZ is present at Dadeldhura city. There is one private health care unit in city, patients are referred to Dhangadi for treatment of major illness. Dadeldhura city falls in category of feeder market which is ameliorated by good roads. Traders operating from Dadeldhura take supply from Dhangadi & further supplies to other districts and VDCs in vicinity. There are 11 medical retailers in city and procures medicine from Dhangadi. CRS has not appointed distributor at Dadeldhura district, where as a wholesaler present there procures CRS products either from CRS vehicle which visit 6-7 times in a year or from CRS distributor present at Dhangadi.

Kalpal Medical Store

Joshi Ji, owner, set up Kalpal Medical Store 10 years back at Dadeldhura. Joshi Ji is paramedic, distributor and wholesaler at the same time. He has stocked medicine of 15-20 different companies and registered distributor of 5 companies. Joshi ji solely manage the store's operations. Kalpal Medical Store is channeled with 100 retailers in adjoining VDCs.

Kalpal Medical store monthly business stands around NPR 1.5 lac and bear monthly expenses of NPR 12,000. He procure medicines from Dhangadi distributors and also have option of buying CRS products either from CRS Dhangadi distributor or from CRS vehicle which visits market 6–7 times in a year.



Mode of Transport	Unit	Factor	Distance in Km	Time in Hr	Cost in NPR
Public Transport – Bus	Material	Carton	187	6	100/Carton
Professional Transporter	Material	Ka	187	8	10/Ka
CRS Vehicle	Material	Carton	187	5	22/km(fuel)

Table 33: Cost of Transportation

Above table states cost of different transportation medium from Dhangadi to Dadeldhura. Joshi ji mentioned associated retailer visit to his shop for buying medicine and does a cash payment of previous procurement, in other words Kalpal Medical Store is not involved in supplying product to VDCs retailers using any kind of transportation medium.

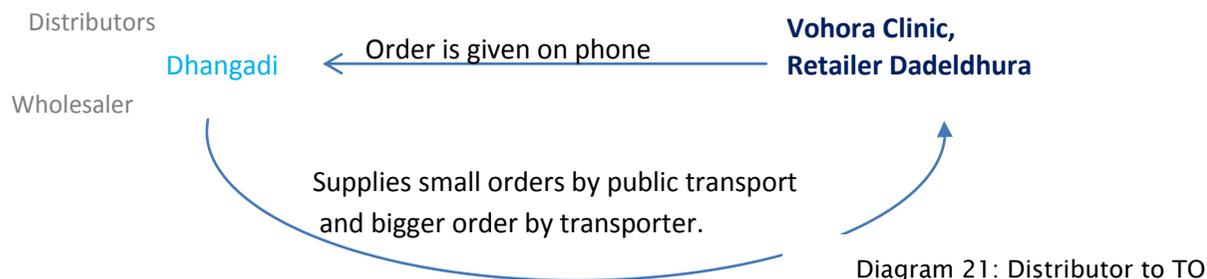
Vohora Clinic

Shyam Vohora, owner of Vohora clinic has done paramedics course 15 years back and started his career from a hospital as paramedic. After gaining experience of 5 years he set up Vohora clinic at Dadeldhura.

Daily 25–30 patients visit his shop for treatment from surrounding VDCs.

His monthly sale stands NPR 60,000 and incurs expenses of NPR 3,500 towards shop rent and electricity and mobile bill. He yearly sells CRS products of worth NPR 20,000.

He gets supply of medicine from 3 distributor of Dhangadi and 1 of Mahendranagar through public transport. He has kept all CRS products at his shop which he procures from CRS vehicle visiting once in two month at Dadeldhura or by CRS Dhangadi distributor.



Mode of Transport	Unit	Factor	Distance in Km	Time in Hr	Cost in NPR
Public Transport - Bus	Material	Carton	187	6	100/Carton
Professional Transporter	Material	Kg	187	8	10/Kg
CRS Vehicle	Material	Carton	187	5	22/km(fuel)

Table 34 : Modes of transport from Dhangadi to Dadeldhura

Salishwari Fancy

Salishwari fancy store is setup in outskirts of Dadeldhura district and majorly into the business of fancy garments. Deepak owner of Salishwari Fancy Store is appointed as non-traditional outlet by CRS rural field representative (RFR). Salishwari Fancy store buys trendy garments especially for ladies from Dhangadi or Mahendranagar.

He monthly does a business of NPR 30,000 and bear total expenses of NPR 8,000. He yearly sells condoms of worth NPR 2000 and maintain CRS dhaal inventory of NPR 400. He mentioned dhaal is more demanded as compare to panther. CRS rural field represented (RFR) visits his shop on CRS vehicle once in two month and supplies Dhaal according to requirement.

To conclude, Dadeldhura is well connected two major feeder market of far-western region Mahendranagar & Dhangadi, and in itself act as feeder market for surrounding VDCs.

Achham (Dist. Hq. Manglasen)

Achham is largest district of far-western region which falls in Seti zone. There are 75 VDCs in districts having population of 265,388 and covers an area of 1692 km². Achham district lies in two major geography topology; high mountain and middle mountain. This district is badly connected by roads which makes it's headquarter inaccessible during monsoon season. Industrialization has not taken birth in district and masses earn their livelihood from agriculture. There are two major feeder markets in district Sanfebagar & Mangalsen (discussed later). Sanfebagar is well connected by roads from Dhangadi & Daldhura. Infrastructure is poorly developed in Achham district relative to Kailali District (terai). Few major hospital & lack of access through air & road medium is reason for remoteness of district. There is one government hospital and two primary health care centers in district. It has been seen as the remoteness of district increases its contraceptive prevalence rate (CPR) also falls down. Only 11% of couples in districts use different modern contraceptive methodology for birth prevention



Sanfebagar

Sanfebagar is small valley located in Achham district at the elevation of 697 meters from sea level. Sanfebagar is at the distance of 270 kms from Dhangadi and well connected by blacktop roads, which leads to development of Sanfebagar into small feeder market. Sanfebagar is habitat of around 1200 house hold either involved in agriculture or service sector like distributorship, wholesaler, public transport etc. Sanfebagar's market consist of shops of wide range of products are present like FMCG & basic commodities, electronics, cements, hardware & garments. Here many distributors either own or heir tractor, for supplying products to places where roads are not present.

Kaptad Medical Store

Surat Bhadur owner of Kaptad Medical Store is working as medical retailer cum wholesaler at Sanfebagar from last 15 years. Patients from

surrounding 10 kms vicinity visit to him for medical problems. He does not charge any consultancy fees from patients but in return patients are supposed to buy medicine from him. He is channeled to 30 retailers of surrounding VDC.

His monthly sales revenue is NPR 2.4 lack and bears monthly expenses of NPR 4,000. His average inventory of CRS products is NPR 8,000 and does yearly sales of NRP 30,000 of CRS products. He majorly procure product from 2 distributors of Dhangadi, who supplies goods using public transport & collect payments on monthly bases. Retailer visits to him from VDC, either on foot or bus depending on availability of roads, to procure goods.

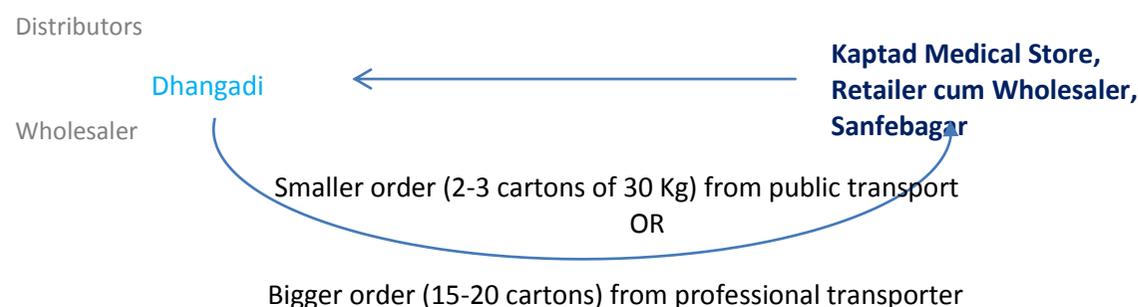


Diagram 22: Distributor to TO

Mode of Transport	Unit	Factor	Distance in Km	Time in Hr	Cost in NPR
Public Transport - Bus	Material	Carton	257	11	150/Carton
Professional Transporter	Material	Kg	257	13	15/Kg

Table 35: Modes of transport from Dhangadi to Sanfebagar

Vikas General Store

Vikas general store is small outlet in Sanfebagar who does a daily business of NPR 1000 by selling grocery products. Vikas General Store is also CRS appointed non-traditional outlet where dhaal is available. Uttam Shah, owner, is associated with CRS from last 4 years and sells around 2 dispenser in three months. CRS rural field representative visits him four times a year and supply 1 dispenser of CRS on every visit.

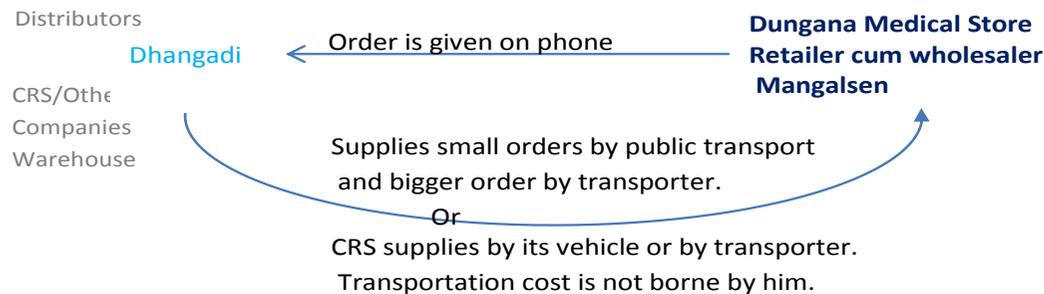
Mangalsen is large market of around 300 smaller & bigger outlets of different products ranging from hardware to electronic item to pharmaceutical and many fancy garments are easily available here. Mangalsen market can be classified as feeder & consumer market, which means this market not only feed VDCs but also serve large population of city. There are around 10 medical outlets in the market, and they purchase medicine from distributor of Dhangadi & Mahendranagar.

Dungana Medical Store

Mr. Birkha opened Dungana Medical Store 12 years back and functioning as retailer cum wholesaler. Around 25 patients visit him per day from surrounding 10 kms for treatment. He is channeled to 30 retailers of adjoining VDCs. This monthly sales revenue is NPR 2.4 lack and incurs expenses of NPR 5,000. He has stocked medicines of six different companies which he procured from Dhangadi distributor. His average inventory of CRS products is NPR 4,500 and yearly sells CRS products of worth NPR 20,000. He place order to Dhangadi distributor on phone and get supply of order through public transport, where if order is big it is supplied by professional transporter.

Topraj Pasal

Toraj, owner, has setup his grocery shop 6 years back and since then he is also selling Dhaal condom of CRS. All commodities and FMCG supplied to his shop by distributors established at Dhangadi city on cash bases. Topraj Pasal does a monthly business of NPR 1.5 lack and incurs expenses of NPR 2000, his yearly sales of CRS products is NPR 200. CRS RFR visit to his shop once in two months and supplies dhaal. He said people generally prefer to buy condom from medical shop rather than a grosser. He has not kept any competitor brand and it's took him 3 months to sells a dispenser of Dhaal.



Bajura (Ritabazaar)

Bajura is one of the districts in far-western region lies in Seti zone with 28 VDCs having population of 126267 and covers an area of 2021.76 km². Bajura district is badly connected by roads and electrification is also very low in district. There is one government hospital and one primary health care centers in district. Health institution density is 1.81 in the district it means there are approximately 2 health institutes on a population of 1000 individuals. Ritabazaar VDC falls in Bajura–Achham district border, having total population of 5000. Ritabazaar is connected by back top road to Dhangadi. There are around 50 small traders’ products like pharmaceutical, FMCG, commodities and garments which supplies to about 50 VDC in the vicinity. There are no roads further to Ritabazaar in Bajura district.



Dharameshwar Health Clinic

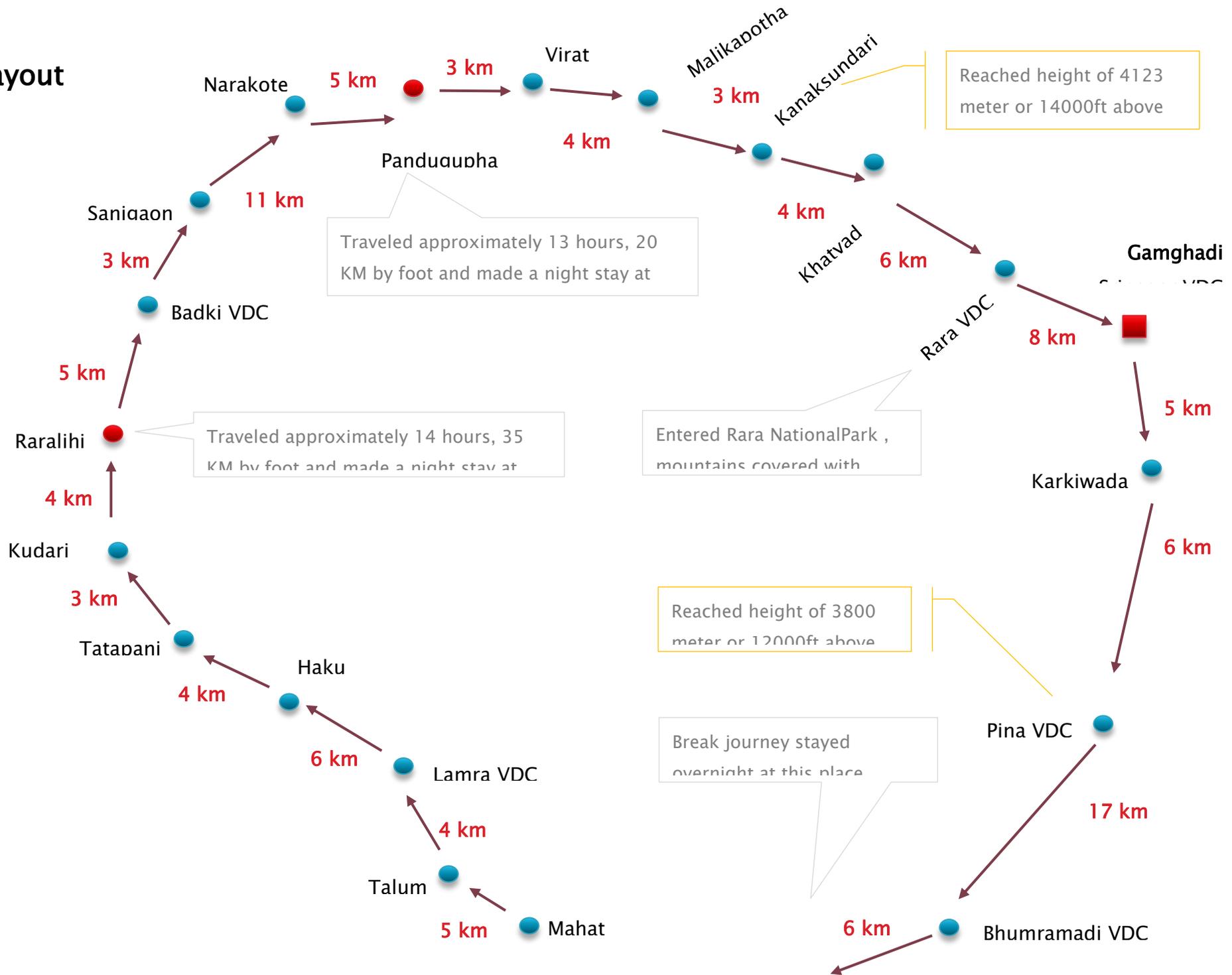
Mr. Pushpha Bhadur, owner, runs a health clinic from last 8 years at Ritabazaar. Averagely 20 patients visit him daily from surrounding 15–20 area. He has stocked all CRS products at his outlet. His monthly sales revenue is NPR 60,000 and incurs monthly expenses of around NPR 4,000. His yearly sales of CRS products is NPR 15,000 and his average inventory of CS product is NPR 1500. He procures pharmaceutical products from distributor operating from Dhangadi and he gets supply through public transport as shown in figure below.

Mode of Transport	Unit	Factor	Distance in Km	Time in Hr	Cost in NPR
Public Transport – Bus	Material	Carton	294	11	200/Carton
Professional Transporter	Material	Kg	294	13	15/Kg

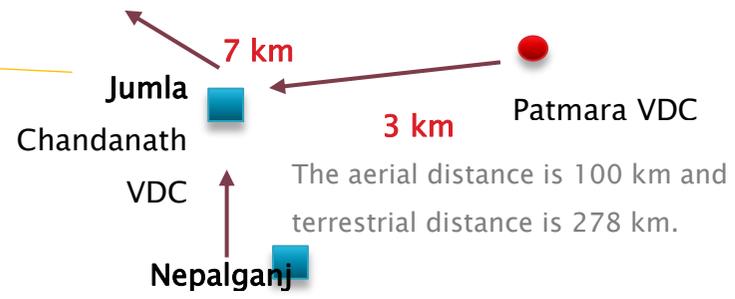
Table 36 Modes of transport from Dhangadi to Mangalsen

Medical representative of Pharmaceutical company’s visits to his shop on regular bases which not only introduce new medicine to them, but at the same times also took order which later supplied by distributor of companies. To conclude, unlike mid-western region, far-western region of Nepal has better network of black top roads and earthen road in region which connects all district headquarters. This leads to excellent connectivity by public transport and increases supply of medicine to remote area like Bajura district is possible. Dhangadi is major feeder market of far-western region and supplies to sub-feeder markets like Dadeldhura, Mangalsen and Sanfebagar to full the demand of adjoining VDCs.

Layout

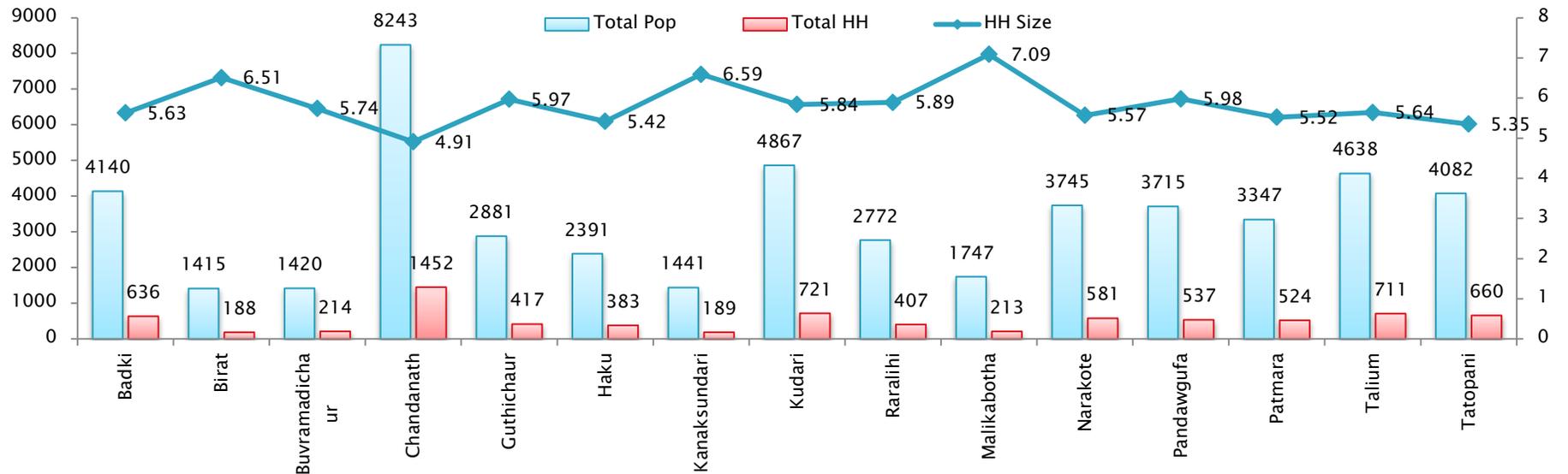


Reached height of 2300
meter or 7000 ft above



Demographic Indicators

Jumla District VDC's	Male	Female	Total Pop	HH Size	Total HH
1. Badki	2133	2007	4140	5.63	636
2. Birat	745	670	1415	6.51	188
3. Buvramadichaur	739	681	1420	5.74	214
4. Chandanath	4192	4052	8243	4.91	1452
5. Guthichaur	1521	1360	2881	5.97	417
5. Haku	1202	1189	2391	5.4	383
6. Kanaksundari	751	691	1441	6.59	189
7. Kudari	2506	2361	4867	5.84	721
8. Raralihi	1442	1330	2772	5.89	407
9. Malikabothe	887	859	1747	7.09	213
10. Narakote	1928	1817	3745	5.57	581
11. Pandawgufa	1870	1845	3715	5.98	537
12. Patmara	1718	1630	3347	5.52	524
13. Talium	2364	2274	4638	5.64	711
14. Tatopani	2060	2022	4082	5.35	660



Mugu District VDC's	Male	Female	Total Pop	HH Size	Total HH
1. Pina	1788	1701	3489	5.64	523
2. Karkibada	1703	1716	3419	6.12	472
3. Shreenagar	1791	1727	3517	4.31	681

Table 36: Demographic Profile

District Profile of Jumla

Jumla district part of Karnali Zone, is one of the seventy-five districts of Nepal. The district, with Jumla as its district headquarters, covers an area of 2,531 km² and has a population (2001) of 89,427. The human settlements in the Jumla district are scattered mainly on the slopes of mountains along river basins. Most areas are at elevations below 2,700 meters, where cultivated lands make up about 12 percent of the district's total land use.

A significant portion of land cover is made up of grasslands and highland meadows often used for grazing Himalayan goat, sheep, and yak. These lands are abundant in medicinal herbs and have great potential for sustainable economic development.

Jumla primarily is a mountain district is not yet connected by roads; porters and mules are used to move food, supplies, and sick people between settlements along trails and footpaths. The trail along the Tila River, leading from one end of the district to the district headquarters in Khalanga, is only wide enough for several bicycles. A tractor, assembled after its parts were brought in by airplane, is used to transport goods to and from the airport and the district headquarters.

The elevation in the Jumla district ranges from a minimum of 2,040 meters to a maximum of 6,600 meters. About 60 percent of land is within the elevation range of 2,040 to 3,600 meters. Only 40 percent of the land is above 3,600 meters.

Trends and Information (2010)

Population by Age Group	Male	Female	Total
10 - 14	5624	5086	10709

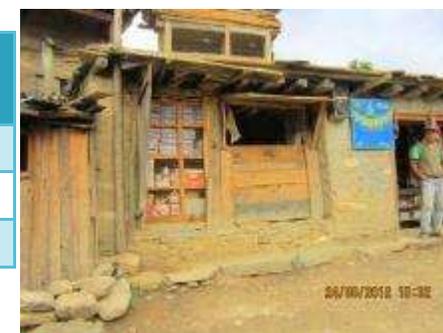
15 - 19	4066	3842	7908
20 - 24	3387	3520	6906
25 - 29	3301	3064	6365
30 - 34	2615	2517	5132
35 - 39	2607	2351	4959
40 - 44	1882	1796	3678
45 - 49	1745	1519	3264
50 - 54	1531	1306	2837
54 - 59	1130	840	1970

Health Facilities

Hospitals Govt	PHCC	HP	SHP	Outreach	EPI Clinic	NGO/INGO/PVT
1	1	8	20	96	94	6

Family Planning

Particulars	Condoms	Pills	Depo-Provera	IUD	Norplant	Sterilization
New Accp	960	536	885	49	6	360
Curr User	960	205	799	46	6	4833
CYP	960	218	432	432	30	-



Stakeholder in Journey

The Jumla airport is located in a municipality called the Khalanga. It takes approximately 25 minutes of walk from the airport to *Bus Park* (Bus Stop). Four buses ply on the route to Mugu on each day. Each bus leaves approximately with a 2 hours gap with the last bus leaves from Khalanga at around 3:30 pm. Parts of Jumla are connected by graveled road conducive enough for the bus to travel. From Khalanga bus usually makes to around 30 Km distance due to the motorable road availability. Night travel is not advised due to extremely limited visibility and the condition of the road.

It takes around 3 hours to travel a distance of 27 km on a mud graveled road in the private bus with cost per person working minimum of 20 – 200 NPR. The bus carries approximately 40 – 50 people and has 8 – 10 stops in the entire stretch. The graveled road for bus to travel is available till the Haku VDC which apparently is a distance of 21 Km. The bus also transports people and well packaged material. Most material that get transported in the bus is packaged in hard paper cartons roughly acknowledge size from the discussion around 1.5 to 2 cubic feet (18x12x12inches) volume. The approximate cost of material transported irrespective of the distance and weight is NPR 120 per carton. Interaction with wholesale has revealed that stock of FMCG, Pharma and Commodities are generally transported by the wholesale to the retailer in the VDC However the onus of the material lies with the sender, transporter generally does not acknowledge any responsibility for the goods.

A District Town

1. Majority of population especially active socially or politically travel to the district HQ on a regular basis for various purposes, thereby the presumption that communication and exposure happens at the district level.
2. The administrative setup of the government including the Chief District Officer (CDO) is housed in the district HQ, therefore a government to people contact happens at the district town.
3. District locations tendency to naturally become a hub of activities is compounded by the government and other setups. These congregation make the town economically active
4. General purpose of people visiting district town – interaction with government for programs and schemes, record of the land, admissions to educational institutions, legal recourse of courts etc.
5. Upon probing and interactions with the wholesaler and retailer there would be around 3 – 4 locations similar in characteristics in each district on the path to become a feeder town.

Mode of Transport	Unit	Factor	Distance in Km	Time in Hr	Cost in NPR
Public Transport – Bus	People	Person	27	3	150
Public Transport – Bus	Material	Carton	27	3	180
Public Transport – Bolero	People	Person	27	3	200
Public Transport – Bolero	Material	Carton	27	3	150
Personal Transport – Motorbike	Person	Fuel	27	2	150

The above table corresponds to the transportation from Khalanga VDC to Haku VDC

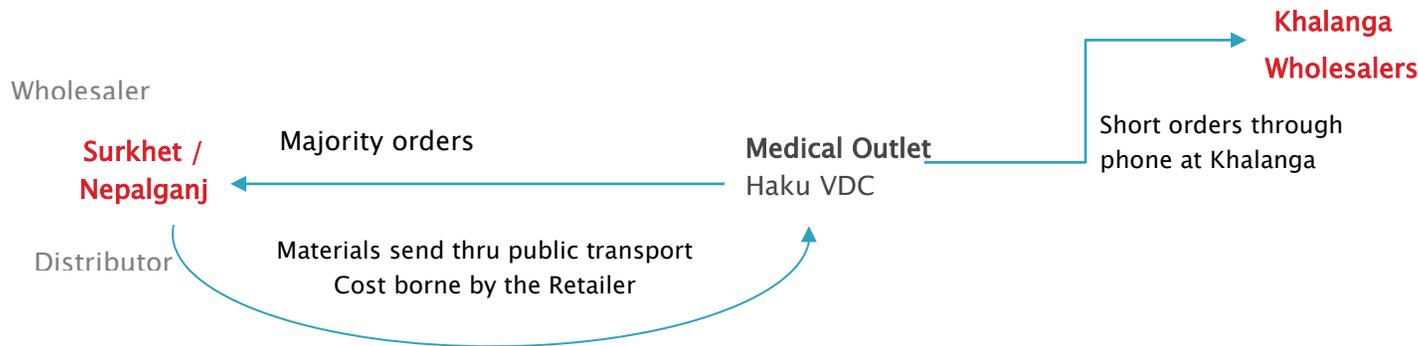


Asanta Medical

Any further journey has to be made on foot walking through the mountains as shown in the picture to the left. A Hamlet of 20 household dots this area in the Haku VDC. Most public buses make it to this point; beyond this the track has to be covered on foot. Around 4 outlets were available in this hamlet with 2 outlets more like a grocer, 1 definitely a medical store

and a clinic run by paramedic. The paramedic rendered a doctor responsibility with the capability of admitting patient for treatment.

As per the information from the paramedic, patients are largely from a max distance of 15 km, which is almost a day's journey in terms of walking. Usually the patient is not charged any fee for the consultation purpose, but ends up paying a higher cost around 10% on the medicines recommended. Accessibility of the location has made the reach of medicines Haku VDC very easy, but it cannot be said for the onward locations to Mugu.



Khalanga in Jumla is accessible by road, although not a good one from either Surkhet or Nepalganj. Although Nepalganj scores as a town with good amount of urban setup located in the plains, Surkhet on the other hand scores due to proximity to the location but also because of very particular reason, Surkhet over the time has become the connecting point to various locations in the mountain thereby moving into what we would call as feeder locations.

Asanta Medical at the Haku VDC primarily buys small quantities of medicines from Chirayu Medical (stationed at Khalanga) dealing in 18 companies. He can very well be termed as wholesaler. When there is a larger purchase needed about NPR 100,000 value or more, such needs are not easily catered by the Khalanga wholesaler as many of the needed medicines are unavailable. Surkhet fairly supplies almost all of the medicines thereby becoming the first priority. The major hurdle that is crossed we will call it as there is **denial for stocks**. This is true in case of Nepalganj as well but coming as a second priority. The orders are placed through a phone, send through the public transportation (Passenger Bus) on cartage to pay basis at the receiver. Rough estimates from the retailer assumes the assortment of NPR 100,000 would be approximately 500kg weight. The average transportation cost paid is estimated to be NPR 5000–6000 based on the previous three transaction recorded at the outlet.

In the case of buying from the Khalanga wholesale the per kg transportation cost comes to around NPR 10 / per Kg or a carton size of 24 X 18 X 18 Inches being charged at NPR 100. Each carton can be equated to assortment weight close to 20 Kg. Not more than 5 – 6 cartons are eligible for transportation on to pay basis.

CRS Product Category

Let look at the CRS assortment available with the retailer, since he was a medical outlet all categories of CRS was available at his outlet. Current distribution entails that the RFR, based at Jumla traveling down to this outlet and selling the products. The frequency of coverage is once in 2 months. The usual order that was given to the RFR upon the visit is as follows

- Dhaal – 1 Dispenser
- Panther – 1 Dispenser
- Sunaolo Gulaf – 60 Cycles
- Nilocon White – 30 Cycles

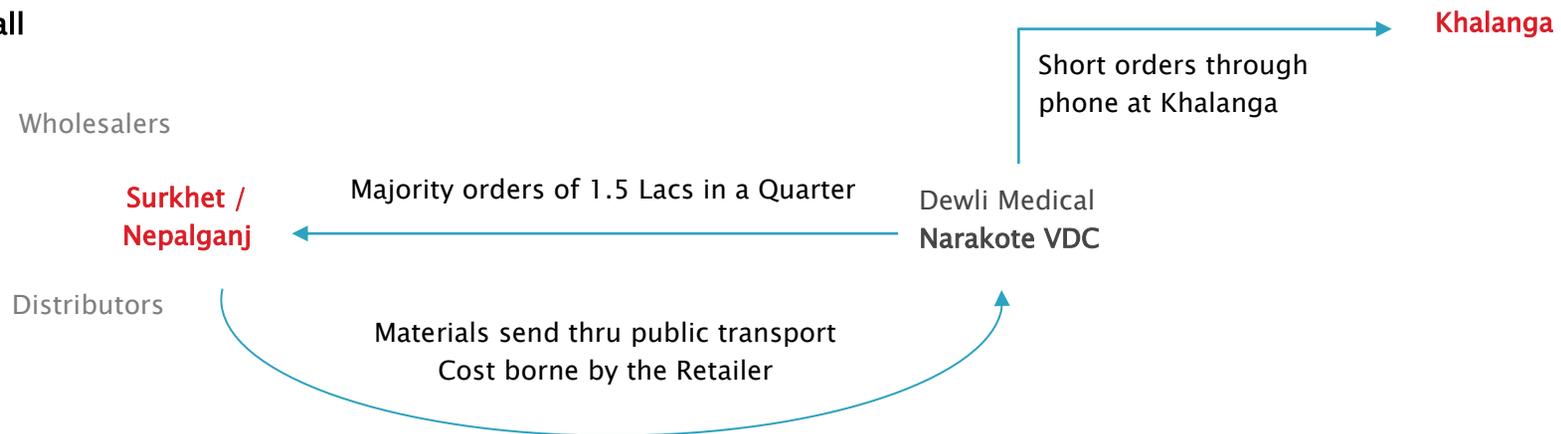
The distribution of products of CRS to this location is given below



Mode of Transport	Unit	Factor	Distance in Km	Time in Hr	Cost in NPR
Public Transport – Bus	Material	Carton	27	3	150/Carton
Professional Transporter	Material	Kg	27	48 hours	10/Kg

The above table corresponds to the transportation from Khalanga VDC to Haku VDC

Dewli Medical Hall



This retailer considering the location of Narakote VDC Ward no. 4, it seems to be a very well stocked outlet in medicines and OTC brands. The holding stock was approximately valued at NPR 4 Lacs worth stock available at the point of visit.

The scenario is not too different here from the earlier visited outlet. The total value of one order to usually placed to Surkhet by Dewli Medical in an assortment of medicines and others nears the 500kg weight mark. However compared to medical outlet in Haku VDC there seems to be no incremental cost of transportation even though an additional distance of 15 km in the mountains. But one component of the cost was articulated by the retailer called the **unloading cost** which worked out to NPR 20 for a 50kg for physical human carried load. The claimed cost of transportation is for the ordered stock was between NPR 4500 – 5000. That squarely works out to NPR 10/Kg. There are approximately around 3 – 4 shops in the 4 No ward of Narakote VDC. The delivery of material happens on the other side of the river as a motorable road passes but get



completely cut off during the monsoons. The outlet employs a local porter to transport the delivered material across the river to the outlet. Rough estimated cost of porter here is working out to Rs 20 per trip. The porter usually carries close to 50kg without any hassles. The porter here would have made a neat income of NPR 200 to get the material across.

Mode of Transport	Unit	Factor	Distance in Km	Time in Hr	Cost in NPR
Porter	Material	Trip	2	4	20/50kg
Professional Transporter	Material	Kg	30	48 hours	10/Kg

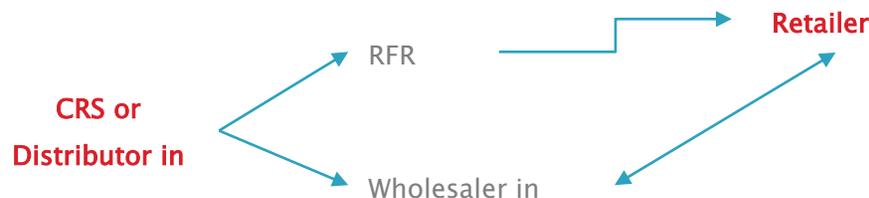
The above table corresponds to the transportation from Surkhet to Narakote VDC

CRS Product Category

CRS assortment available with the retailer, being a medical outlet CRS products was available at his outlet. Current distribution of CRS products is through the RFR continuing the journey further. The frequency of coverage is as claimed by the outlet is around 2 months. The order patch that was given to the RFR upon the visit is as follows which apparently also is the usual basket

- Dhaal - 1 Dispenser
- Panther - 1 Dispenser
- Sunaolo Gulaf - 60 Cycles

The distribution of products of CRS to this location is given below which is similar to the above retailer at Haku. However the interesting case is the dual servicing by the RFR and the Wholesaler for same products.



Payments Pattern

The next important question, how does the retailer in this location make the payment to Distributor or the wholesaler. The retailer primarily holds the cash of the sales for a period of 3 months. Once in three month the retailer does make a physical visit to the district headquarter for various purposes. The retailer make it to the bank in the district town from where an advice in financial terms

is generated to the payee account that is the Distributor or the Wholesaler. The amount is deposited directly into seller's account which reflects credit in the receivers account within two to three days.

Chayashetra Pustak Pasa

This outlet is a Non Traditional Outlet (NTO) selling almost everything that a household would need. The outlet primarily deals in cloth and its accessories, plastic bags, ropes, FMCG items, commodities and beverages including liquor. Since the basket of items are different compared to a Medical Outlet (TO) the buying is largely from Nepalganj. The orders are usually done by physical visit of the owner from the outlet to the Nepalganj Wholesale Market.



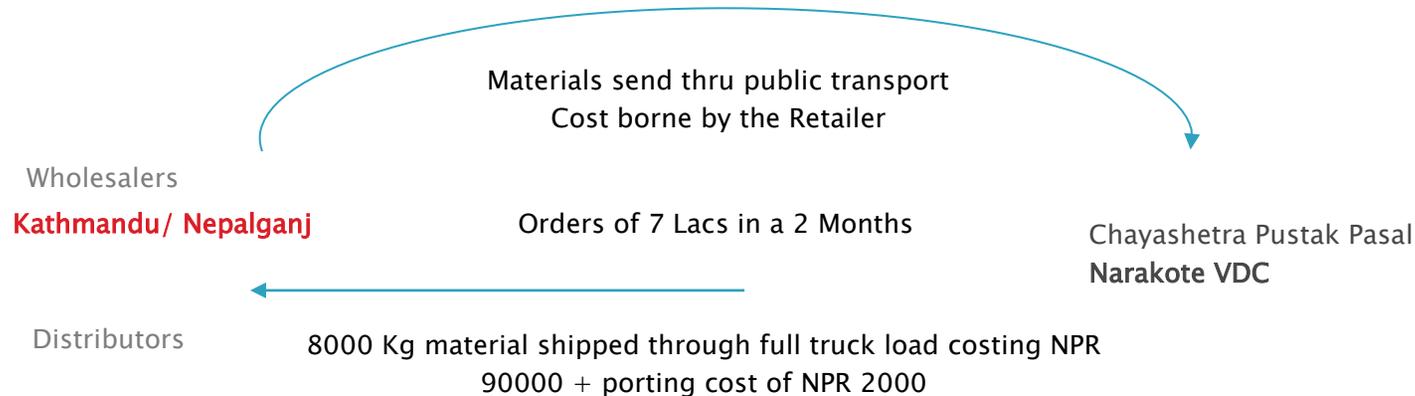
The variety of items purchased leads to the purchases from multiple wholesalers and then an aggregation and transportation to Narakote VDC ward no. 4. There is a very interesting case of cost minimization in the purchases that are done by this NTO. The location has few more outlets, 3 of outlets have come together as a pooled resource to buy stocks from Nepalganj, a significant volume to keep the transportation cost low. The last purchase from Nepalganj was a whopping 8000kg of material shipped through a hired truck on the newly made graveled road to Narakote. The cost of the transportation was borne pro-rata by the 3 outlets amounting to NPR 90000. That works out to about NPR 11/kg. A similar effort of the porter needs to be made whilst it gets to the outlet across the river. Estimated amount the porter charged last shipment was around NPR 2000.

This aggregation has a twofold benefit – the first being that they have huge volume to purchase thereby having the wherewithal to bargain for lowest price possible from the wholesale market. The second part to this purchase is the payment made in cash at the time of purchase making sure additional discounts and benefits also accrue to them. Thirdly the volume creates a **full truck load** which builds the greater efficiency and economy in the transportation.

Mode of Transport	Unit	Factor	Distance in Km	Time in Hr	Cost in NPR
Porter	Material	Trip	2	12 hours	2000
Professional Transporter	Material	Kg	500	72 hours	11/Kg

The entire purchase value of the chayashetra Pustak Pasal roughly amounted to NPR 7.5 Lacs and total value of the goods transported combined for the 3 outlets stood at NPR 13 Lacs. The cost of the transporting the material to remote locations like Narakote entails a significant amount of cost. The retailer augments this cost by charging the consumer over and above the MRP by a margin between 10% – 15%. We have taken a live example as articulated by the retailer Let's examine the scenario.

- | | | |
|------------------------------------|---|--|
| 1. Product | : | Nestle Baby Milk 500gm (the product has demand locally) |
| 2. MRP printed | : | NPR 300 (a higher price considering affordability) |
| 3. Price to Retail from Wholesaler | : | NPR 280 (NPR 20 margin on the product available to retail) |
| 4. Cost of Transportation | : | Including the porter apportioned NPR 10 ($10/280 = 4\%$) |
| 5. Price of Retail to Consumer | : | NPR 320 ($20/300 = 7\%$ up) |



One evidence from the assessment seems to suggest that the pharmaceutical products largely in remote location is sold at the maximum retail price printed on the pack or in some cases 5% higher. This also may be due to the fact the Pharmaceutical product carry a channel play margin average 30% making it feasible to absorb the cost of additional transportation.

On the other hand daily use items or the FMCG category is highly prone to additional charging ranging 10% and above on the printed price. The reason attributed by the retailer is that Price to Volume ratio is skewed in the case of these products, meaning higher volume or weight but a proportionately lower price.

Gotiula – Feeder Point



A further movement of 5–6 km you are likely to encounter a market in the valley quite remote by way of reach. The market is characterized by large number of wholesaler shops. Even porters who carry the stock up passes through these location delivering part of the material and pick some other for onward journey. We have come to term these intermittent market as the **feeder market location**. The market has

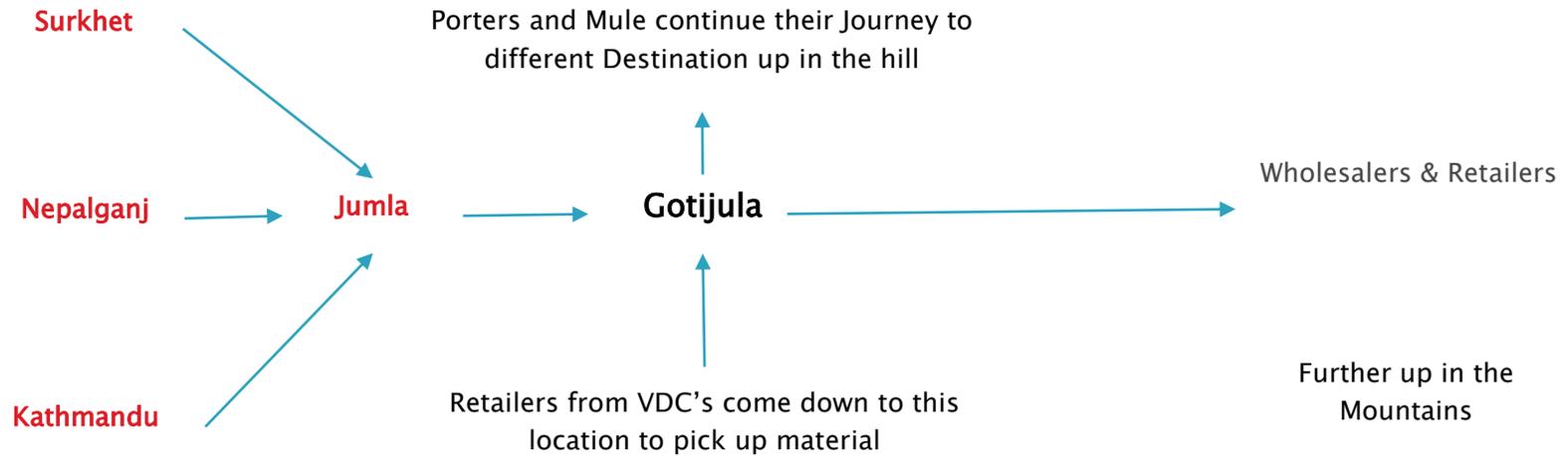
sprung up in this location not by the virtue of economics but more by the way of converging points. One such location is depicted in the photograph below

Gotijula is an interesting destination, at the border of Birat VDC & Malikabotha VDC. This location is the center point for as many as 8 – 10 VDC. The location has close to 12 – 15 shops and establishments including a private transport company office. Most of the goods and materials that are going to Mugu go through this place. Transporters usually unpack it from the truck or tractor which bring it to this place and load it on to the mules and porters going on the caravan to Gamghadi, Mugu. Out of the 15 odd shops there are 4 FMCG wholesaler, one medical outlet (fortunately a sangini outlet as well), 2 mobile and electronic shops and 4 hardware shops. There are two small restaurants with a facility to stay overnight. People from the VDC come here for the purchases or the wholesaler supply through mules and porters material to the VDC level outlets. This location over the time has become the feeder location for this area, although a much smaller feeder as compared to Surkhet or Khalanga.

Reaching Gotijula one may recognize this fact that the cost on each of the location on this route has not changed according to the distance covered but incremental costs have been added wherever there is a change in the way things get transported. Gotijula type location would be playing a very important role in



the movement of goods and service to the hard to reach area by creating nodal or hub points. We have reasons to presume this kind of small feeder location would be in operation currently in the mountain terrain who have built their own way of distribution. The below diagram represents the movement of material from such location



FMCG Wholesaler

Soni & Pawan General Store, one among the four wholesalers in Gotijula primarily deals in FMCG and household items. As per the information there are 30 – 40 outlets in the VDC's close to this location. A regular base of 30 odd outlets come to purchase on a walkin basis regularly. There is also a set of 20 outlets who order on the phone and the wholesale caters to them through porters and mules on to pay basis. Even to a certain extend this wholesale caters to Mugu & and some locations in Humla district.

He also stated that there is regular supply of material to Mugu and Humla from the Gotijula. The material are often transported from plain market like Nepalganj and reach Gotijula through Jumla on a truck or tractor trolleys on the possible motorable road, further up into the VDC and mountains it is largely taken by the mule convoy. The wholesaler gets his material from Surkhet market due to the availability factor and occasionally from the Nepalganj market. A one-time order would roughly be equivalent to NPR 3.5 Lacs. This is also the value of the sales from the outlet for one month. Offhand calculations suggest that this assortment order of FMCG, commodities and daily use items would be about 400 Kg weight. He pays around NPR 4000 to get the stock from Surkhet on a hired truck till Gotijula.

The pricing of products by the wholesaler was a little trickier. The wholesale got majority of the material at 8% – 10% lower than the MRP mentioned on the product. However citing cost of the transportation he ends up charging the MRP to retailers from Mugu and Humla, whereas to the VDC outlets he charged about 2% – 3% lower than the MRP. Only counter sales in bulk fetched a 5% less price than MRP.

On an average a mule would be able to carry 80 kg weight. Each convoy would be between 10 – 15 mules managed and guided by a one person tagging along. The cost of ferrying materials by mule range between NPR 20/kg (in case of general items and commodities) to NPR 30/Kg (in case of breaking items like medicines and liquor). General tendency to cost volume based more as compared to the others.

Mode of Transport	Unit	Factor	Distance in Km	Time in Hr	Cost in NPR
Professional Transporter – Truck	Material	Kg	500	96 hours	10/Kg

Professional Transporter – Truck	Material	Kg	35–45	5–8	15/Kg
Mule Convoy	Material	Kg	50	12	20/kg

CRS Products

There is no practical change in the way the CRS product reach these outlets, but there are some interesting observations at Gotijula market. Upon the scan of the market and the outlets both TO and NTO the availability of the product was limited to the TO and that too a sangini outlet. No availability of the products were seen in the NTO outlets at Gotijula.

The RFR is the person who is carrying the physical stock and opening new NTO outlets in these locations. It is a distance of 50 plus kilometers and almost a day's walk. Here is a snapshot of the incremental cost at different locations

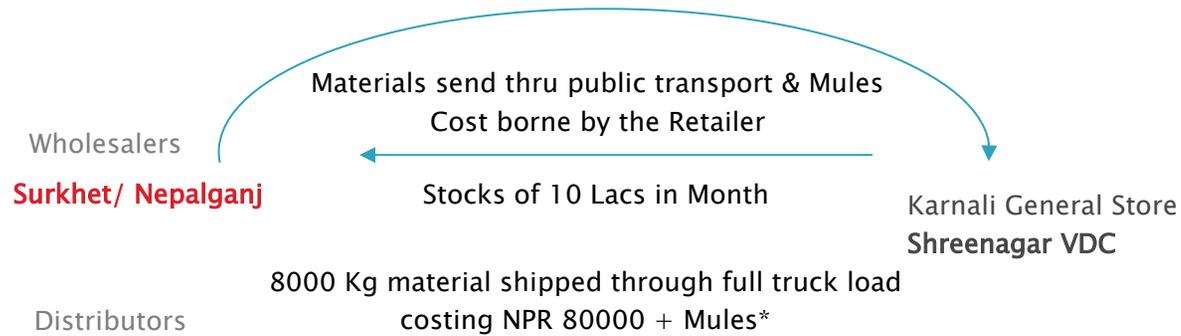
Price Differential to Consumer

Products	Price in Surkhet	Price in Nepalganj	Price in Khalanga	Price in Gamghadi
Mineral Water	20	20	30	60
Sugar	65	70	80	95
LPG Cylinder	1300	1400	2200	3000
Cement Bag	800	900	1100	1400
Liquor Quarter	150	160	180	220
Amoxicillin Strip	67	65	80	90



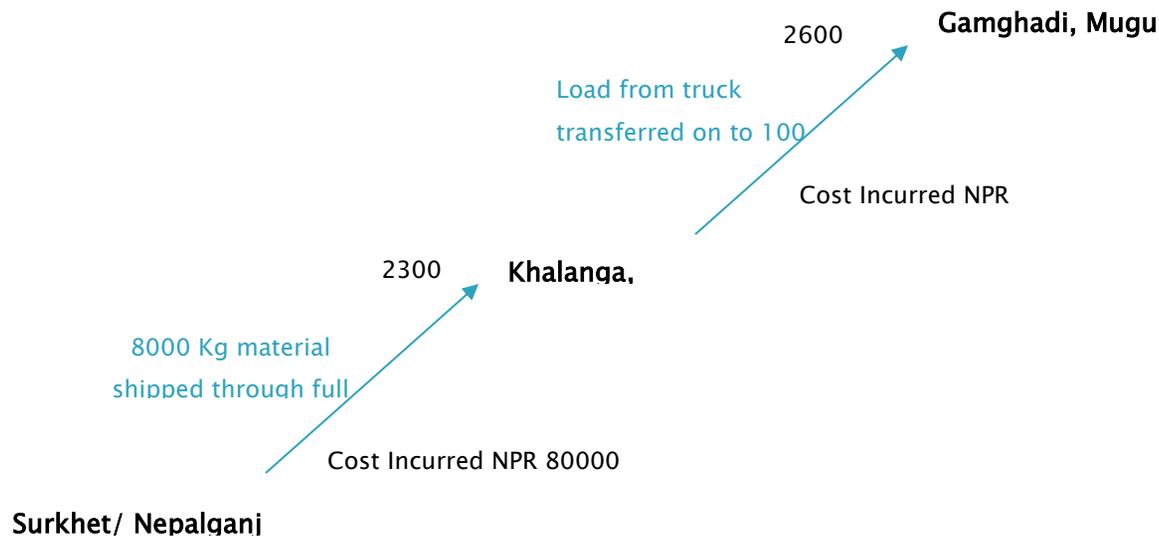
Karnali General Store

Karnali General Store is location in the Gamghadi municipality of Shreenagar VDC, Mugu District. Gamghadi is located at an elevation of 2600 meters or 8000 ft above sea level. The total population of Shreenagar VDC is approximately 3500 population. Gamghadi has electricity and phone connectivity. Currently the needs of the town are met through material transported by convoys of mules on a regular basis.



Karnali Geneal Store pays an incremental cost of NPR 30/kg from Surkhet or Nepalganj to ensure the product supplies reach his wholesale outlet in Gamghadi. For low prices high volume items the cost of distribution becomes completely unviable and for higher priced low volume products it's a marginal incremental cost incurred. Product assortment plays a crucial role in the economics of transportation cost being apportioned in the most efficient manner.

The consumer at this location seems to be fully aware of the higher price the products and materials and is fully in agreement with an 5% - 8% incremental cost over the MRP charged by the wholesaler. This was evident from the consumer interactions at the wholesale outlet.



However the interesting thing is Gamghadi seems to be a feeder location for many of the nearby VDC. As per Karnali General Store it caters to 41 NTO outlets in 16 VDC's in the vicinity on a regular basis. The VDC level outlets usually come down to Gamghadi for purchases.



Mallah Medical

This traditional outlet is one of the best medical outlets of Gamghadi Town. Mallah medical primarily is a retailer and run by a paramedic rendering basic healthcare services. A very well stocked outlets having all the necessary medicines including some of the special intensive care ones. The medical also promotes and sells a significant amount of Ayurvedic Medicines imported from India. He had roughly a stock of approximately 7 - 8 Lacs in his outlet. The availability of medicines from Surkhet seems to be the highest followed by Nepalganj market. However very occasionally there is some immediate purchases from Khalanga Market in Jumla. Mallah medical believes that to transport the medicine through truck till Jumla and from there through the mule is a very risky and prone to issues like damages and breakage. When he places an order with the wholesale party in Surkhet he specifically mentions the stock to be sent by air directly to Gamghadi as there is a small airstrip available.

The negotiated rate of the supplies through air from Surkhet to Mugu is around NPR 120/kg. It was four months back he had placed an order in Surkhet for some medicines through Professional Transporter. The products seem to be still in transit for the last four months. Air probably on the other hand makes it to Gamghadi in about 2 - 3 days if the service is flying. During bad weather conditions or monsoon season the flights do not make it to Mugu, in that instance the only possible option is by the truck till Jumla and then through mules reached Mugu.

Mode of Transport	Unit	Factor	Distance in Km	Time in Hr	Cost in NPR
Professional Transporter - Truck	Material	Kg	500	96 hours	12/Kg
Professional Transporter - Truck	Material	Kg	35-45	5-8	15/Kg
Mule Convoy	Material	Kg	50	12	20/kg
Mule Convoy	Medicines	Kg	100	16	40/Kg
Air	Medicines	Kg	100	40 min	120/kg

Conclusions

With different sources of power making inroad in Nepal along with the increased usage of radio the consumer is now becoming more aware. Be it the programs of the government or the advertising of the brands – these messages are making it to the hinterland creating a ripple effect. The mobility of people for social or work is on the increase. This implies that the awareness of the product now would percolate much faster, it's only the question of making it available in these remote locations.

There is definitely an incremental cost of transporting the products to inaccessible locations however it seem local knowledge of the retailers have found ways to best fit the distribution at the least possible expense. Example of bundling to create volume, full truck load concepts and even piggy backing on other product are the unique ways to augment the cost. Although the transportation cost part is definitely passed to the consumer but making a higher profit does not seem to the idea at the retail level.

Small concentrated markets are coming up in remote locations which are increasingly catering to the needs of the mountain consumers. These markets have aggregation, assortment and most economical management of transportation cost to the reach the products. However the challenge still lies to isolate such markets and create seeding programs for CRS products helping to bring down the per unit cost.

The role of wholesaler is changing and getting more competitive compared to a distributor. The assortment of product categories at wholesale is far more than distributor at any point in time. Wholesalers often are the best distribution setup in the current context fully able to mitigate the issue of **Denial of Stock** due to non-availability. For CRS this is a very important factor in creating and sustaining new outlets in remote locations. It would also help in understanding the ways to mitigate the cost of reach in these remote locations. Further answers such a distributor or a wholesaler who would be best for a certain location can also get answered.

Analysis of Assessment

Taking into account that the journey started from Plains to the hills and to the mountains it's important to understand the entire setup using the analogy of the closest distribution setup to CRS's own method of distributing products. However analysis has thrown some very interesting conclusions from the assessment

TO Network Coverage

As per the AC Nielson track of outlets in Nepal, the rough estimates are that there are approximately 8000 TO or pharmaceutical outlets selling medicines requiring license and government permission. This number gets corroborated from government data of medical outlet registration, it's the same number. Looking at the coverage pattern of CRS using directly covered by CRS staff and covered by the distributors the total TO outlets stands close to 7600 outlets. As a breakup CRS believes that it is covering 7200 retail outlets and around 400 TO wholesale. From the perspective of distribution we can safely assume that these two are parallel channels existing under the CRS ambit and is also registered under the government as a pharmaceutical outlet.

CRS primarily as a part of its distribution network caters to roughly to 90% of the total number of TO outlets in the Nepal. Either as a part of the strategy or as part of the product portfolio CRS strength clearly evident in the TO part of the distribution network. As mentioned earlier in *diagram 2 Schematic Section of CRS Distribution* this part of the channel operates in a very peculiar manner. Some of the relevant information of the channel are described below.

- **Margins**
 - Percentage margin from company to the distributor or stockists is in the range of 15%–20% directly worked on the pricing structures.
 - The distributor practically passes roughly 30% – 35% margin on the TO retailer. This too is worked on the direct price structure of the distributor
 - Apart from this the year end targets and schemes add up to around 5%–8% of the total value of goods sold both a distributor level and retailer level.
- **Billing and Credit Period**

- The targets for the year is meticulously planned by the company personnel with the distributor and subsequently divided into 12 monthly targets
- Usually the billing is done on an average credit period of 45 days from the company to distributor but normally stretched to around 60 days whilst the payment is realized.
- The retailer credit ranges from 90 days to 120 days on an average and payments are usually realized once in 3 – 4 months.
- High level of credit is affordable in the segment due to fact that the margins allow the flexibility both at distributor and retailer to leverage the credit.
- In all practicality assessment at financial level clearly entails that the retailer usually does the business on distributors investment.
- The retailer receives the payment for the medicines and products sold immediately as the consumer makes cash purchases whereas the payment for the same to distributor is done in 3 months using the credit.
- **Business Cycle**
 - At any moment in time the outstanding by the distributor in the market is close to NPR 10 million for a reasonable size as met in trip in different part of Nepal.
 - At the end of financial year a reconciliation statement for each of the TO retailer is created to match and payments and orders finally resolving any discrepancies. This is done on individual level one on one with each TO retailer ensuring all unresolved issues are sorted out.
 - There is a definitive possibility of carry forwarding the pending payments into the subsequent year, however it is usually agreed between the distributor and the retail.
- **Transportation, Distribution and Logistics**
 - From a necessity standpoint medicines are making it some or the other way into the remote part of the country.
 - This seemingly is working out for the reason that the incremental cost of taking the product across the remote parts are getting absorbed in the channel margin structure. Further notable fact is that the remote location TO's are not looking at creating a profitability out of selling the medicines but rather would like to augment their quasi doctor status in the supporting role.

- In many of the remote locations even airlifting of the medicines are becoming common for many retailers as cost is fairly within the absorbing levels of the margins entailed.

NTO Network Coverage

There is broad consensus as quoted by AC Nielson data that there are roughly 100,000 NTO outlets spread across the country of Nepal. This includes both wholesalers and retailers. The NTO network is more widely spread, however their spread across the plains, hills and the mountains is not very clear. By far the assessment has clearly given an indication that for every one TO outlets there would be approximately 10 NTO outlets. The likelihood of availability of NTO therefore far exceeds the possibility of TO outlets in an region or location.

From the CRS perspective the best quoted number is 5000 for NTO coverage outlets. Out of the universe of 100,000 CRS is covering close to 5% of NTO outlets. There can be many reasons assigned for such a situation. They are

- CRS has been traditionally very strong in the TO network, the distribution network is largely consisting of TO distributors, wholesalers and retailers
- The product portfolio consist of ethical products not likely to be sold from NTO network, limiting the product basket to amenable TO network
- Operational modalities for servicing the NTO network is completely different as compared to the TO network.

However it is important to understand the NTO channel thoroughly to arrive at definitive conclusions. Let's build the understanding of the NTO network from the assessment from different locations visited.

Concentration of NTO Outlets

Analysis of the assessment across the terrains in Nepal indicates that there is a higher concentration of NTO outlets in the plains, as the terrain changes to hills the NTO gets scattered with a much less concentration. Implying the same logic to TO outlets the concentration would be far lesser. At some of the hills and mountains terrains that we have been visiting there are no TO outlets at all but the presence NTO is very much guaranteed. The safer bet is that there would definitely be an NTO in all locations but a TO availability would be very difficult.

This channel particularly the retailer has undergone significant changes adapting to the changing needs of the consumer. In the plains the channel has moved into more specialized and relevant categories – like the cloth shop, or a grocery or a durable shop etc. But as the we move up into the hill the density of the outlets becomes less therefore the product categories stocked by the outlet become higher, the outlet may end up having stationery and grocery together.

Still going up into the mountains the entire orientation of the outlets changes stocking almost every possible category of products needed by the consumer. The basket becomes very big and the combination a truly exhaustive and complex in term of their buying pattern. The fact still remains that the due to lower density of outlets, each one is catering to a much bigger variety of needs.

Replenishment of Stocks

The NTO channel has a very interesting way of replenishment of their inventory of products. First and foremost is that these outlets business rely on the fact that there is no “denial of products” or out of stock situation for any of the products. Out of stock situation is strong credibility gap for the NTO outlets as the consumer perceives it. The outlet therefore will take all the necessary steps to make sure that the product basket does not go out of stock even to a situation where it may just forego to buy some categories in lieu of the other needed categories.

The second important element in the NTO channel is frequency replenishment. By far almost every outlet goes through a very meticulous ordering cycle based on the years of experience in selling and buying. The definitive reason why there is a permanent journey plan for the FMCG category. A permanent journey plan states that the distributor person will visit the outlet on a certain day of the week and at a certain time. This frequency is kept constant even if the distributor does not get any order from the retail. Where there are no distributor to cover the outlets, we would see a definitive frequency of buying the products from the wholesale. This frequency enables the channel to keep minimum inventory and match its ordering and selling to the emerging needs of the consumer. Thus a fairly robust process of inventory management, ordering, buying etc. is the hallmark of the NTO channel.

Billing and Credit Period

Using the structure from the diagram shared earlier on the NTO channel, it operates on a very different margin and credit period. By far the maximum margin that is available to the distributor in the channel ranges between 7% – 12%. Because the volumes and movement

of goods is very high these low margins make sense. Coupled with the fact that due to the higher density of outlets available the cost of distributing comes down significantly.

Secondly there is demarcation of the territory allocated to each distributor. Each distributor would have a certain number of retailer and wholesalers on the permanent journey plan catered very meticulously on monthly, fortnightly or a weekly frequency. There is a steady set of “feet on street” who caters to 100% of all outlets under the distributor at least once a month. This frequency helps build the robust case for credit period. Since it done on a certain frequency the days in between largely becomes the credit period. Usually the next order also makes sure that the previous payment is done. On an average the distributor in the NTO channel would be between 30–45 days of market credit.

Ordering Cycle

The ordering cycle of the NTO is altogether different in each of the terrains – namely plains, hills and the mountains. We will understand the difference in a little bit detail.

- Plains
 - The NTO in the plains is covered by the distributor or the wholesale as mentioned earlier through the permanent journey plan. The frequency would range between weekly coverage for the high throughput outlets to monthly for low throughput outlets. This is standard coverage for the plains due to density of the outlets and economics of covering it.
 - The orders are then placed by the retail which in turn is delivered the next day. The orders are normally in tune to the requirements between two succeeding visits of the distributor.
 - The entire delivery cost is borne by the distributor and the retailer gets a doorstep delivery of all the products as per the frequency plan
- Hills
 - In our assessment we found extremely limited situations where there is a direct coverage of the distributor through the feet on street or by a ready stock unit van. Almost in all location the orders were given to the nearest distributor or wholesale on the phone.

- The ordering frequency changes from a regular mode to a more need based mode wherein the orders are for those item which are going to be out of stock or there is a need to buffer it. In either cases relatively slow moving products would either be left out or get lower priority.
- Till this level as well the cost of the delivery is borne by the distributor or wholesaler till the places where there is accessibility by some means of transport. Any location wherein it deflects from the road the cost has to be borne by the retailer. Such cost information has been shared in every location as a reference point in the trip assessments
- Mountains
 - The mountains showcase a completely different methodology of ordering cycle by the retailers, largely self-procured by going down to wholesale markets. At certain instances it may also be the case that the orders are given on phone.
 - The ordering frequency changes to almost need as and when it arises out of retailer not having products to sell. Under such circumstance he would visit the nearest local market for buying the same.
 - The whole of the stocks bought in such manner are aggregated and booked through a hired transport to reach the last motorable location. From there is loaded on to mules which then carry these across long distances in the mountains.
 - In maximum cases we have assessed the transportation costs are borne by the retailer and therefore there is an utmost effort minimize the cost and maximize the volume.
 - The movements of such kind of products and material has been showcases in the journey write earlier in the report across the regions.

Basket of Goods

The basket of good that the NTO tries to buy and keep is a phenomenal set categories and stock keeping units. The retailer and wholesaler views this in two very distinctive manner. On the one hand the retailer would keep almost every conceivable product and category where there is iota of need from the consumer. Ultimately the retailer does not want to turn down his customers down for lack of availability. Wholesaler on the other hand would deal only in running categories, whichever product categories would have a demand and movement he would be keeping it. The wholesaler would turn down his customer (the retailer in this case) if the availability is not there.

For the retailer the basket of products is also the basket of priorities, the fastest moving and most demanded would have the highest priority followed by the other. The proportion and combination of categories is balanced in such a manner that it becomes reasonably

efficient to transport at the most effective cost. For e.g. High value low volume products are combined with high volume but low value to make an equitable basket. Some of the examples are shared of this case in the above location details including the cost of transportation.

Feeder Markets

Another important element that need to be understood is concept of the Feeder Markets and how it is becoming important in the product distribution value chain. Feeder markets are typically a strategically located market place with 20 – 30 outlets in close vicinity catering to a district, or a cluster of VDC's. The emergence of feeder markets is a very interesting phenomenon. As the economic conditions of the people in remote locations become better, income rise slightly, demand for daily use items increase the whole consumption pattern changes. This increase in demand and variation in product categories becomes difficult for earlier distribution systems to cater efficiently.

Strategic locations in terms of access becomes the center of business activity mostly in terms of becoming transit points, assortments and aggregations and similar activities starts happening. It starts off with a few outlets however grows very quickly to 20–30 outlets typically catering to the a much larger market. Such location would have the local transportation and other facilities built over the period of time.

This market becomes the key access point for many retailers in the NTO domain to get their materials. This kind of market is dominated by volume selling wholesaler who sort, aggregate and assort the products as per the needs of the VDC's based retailers. The encouraging factor is that the each of the wholesalers would have a constant relationship with 40–50 VDC based retailers with come and buy or places the orders on phone.

The earlier write-up shared of Mid-Western region showcased the example of Gotijula on the way towards Mugu. Such locations fall in the category of feeder markets. Gotijula is one stop point of aggregation, assortment and repackaging of material that continues its onward journey to the mountains. It is believed that there could be more such location coming up in almost every region of Nepal. Identifying and putting this on the coverage map would have bigger implication on the cost of coverage as explained in the recommendations later in the report.

Product Basket TO Versus The NTO

As we learn from the analysis the basket for the TO and NTO are completely different. Let's broadly lay out the key differences

TO	NTO
<ul style="list-style-type: none"> The basket largely if medicines including the bulkier ones like the syrup bottle 	<ul style="list-style-type: none"> The basket is daily use items – soap, shampoo, rice, dal, cigarette, liquor, chips etc
<ul style="list-style-type: none"> Low volume high value basket 	<ul style="list-style-type: none"> High volume and high and Low value combined
<ul style="list-style-type: none"> Infrequently ordered delivered through various mode of transport – even airlifted 	<ul style="list-style-type: none"> Regularly ordered delivered through the most economical mode of transport – including the porters & mules
<ul style="list-style-type: none"> Almost all items in the list have reasonably equal priorities of being bought every time by the retailer 	<ul style="list-style-type: none"> Highly varying degree of priorities for items – fast moving high priority, low moving low priority.
<ul style="list-style-type: none"> Retailer credit Very high period of 90 days plus 	<ul style="list-style-type: none"> Credit to retailer not more than 45 days maximum
<ul style="list-style-type: none"> Typical Value of Orders at different Frequencies <ul style="list-style-type: none"> Plains <ul style="list-style-type: none"> Based on averages the TO places order at least 2 times in a month Value wise per order would be in the range of NPR 50,000 – 60,000 CRS product value in the basket would be between 5%–8% of the value. Hills <ul style="list-style-type: none"> Based on averages the TO places order at least 1 times in a month Value wise per order would be in the range of NPR 40,000 – 50,000 CRS product value in the basket would be between 3%–5% of the value. Mountains <ul style="list-style-type: none"> TO places order at least 1 time in a 2 months Value wise per order would be in the range of NPR 60,000 – 80,000 CRS product value in the basket would be between 2%–4% of the value. 	<ul style="list-style-type: none"> Typical Value of Orders at different Frequencies <ul style="list-style-type: none"> Plains <ul style="list-style-type: none"> Based on averages the NTO places order at least 4 times in a month Value wise per order would be in the range of NPR 15,000 – 30,000 CRS product value in the basket would be between 3%–4% of the value. Hills <ul style="list-style-type: none"> NTO places order at least 2 times in a month Value wise per order would be in the range of NPR 20,000 – 30,000 CRS product value in the basket would be between 2%–3% of the value. Mountains <ul style="list-style-type: none"> NTO places order at least 1 time in a 2 months Value wise per order would be in the range of NPR 50,000 – 60,000 CRS product value in the basket would be between 1%–2% of the value.

Gap Analysis

Based on the assessments and analysis the following are the gaps perceived goal to reach the hard to reach area creating accessibility.

Parameters	Gaps
Reaching the unreached	<p>Adequately covered Traditional Outlets (around 90% of universe) as compared to Non-Traditional Outlets (around 5% of universe)</p> <p>CRS strength lies in catering to the TO extremely well but limited exposure to the NTO leaving a lot less contribution.</p>
Cost of Distribution	<p>More than 50.2% lives in Terai belt followed by Hill and Mountain belt that constitutes about 43 per cent and 7 per cent of the population respectively</p> <p>The cost of distribution high in the hard to reach areas especially in the terrains of hills and mountains.</p> <p>Maximum percentage of the unreached population lives in the hills and mountains making it difficult for CRS to reach</p>
Current Channel Coverage	<p>Based on the AC Nielson Retail Audit report majority numbers of both the TO and NTO are concentrated in the Terai</p> <p>In the Hills the respective number of TO's drops significantly as compared to NTO's limiting CRS effort.</p> <p>Mountains more pronounced with mainly NTO network well beyond the CRS current strength areas</p>
Product Basket	<p>Current product basket of CRS of 11 products amenable to the TO network which by far has been covered fully no more scope for expansion possible</p> <p>Only two products of CRS currently amenable to NTO channel an insignificant value and volume proportion of their total value</p>

Rules of Engagement Different for Channels	<p>CRS fully geared and adequately equipped to handle the TO network using the channel partners</p> <p>CRS not fully experienced in handling the NTO network nor have ability to service them constantly creating gap.</p> <p>Internal sensitivity to the rules of engagement in NTO channel limited.</p>
Spread of Distribution Costs	<p>Plains have a robust distribution network in terms of reach and accessibility however total distribution costs are shared equally.</p> <p>Will have to find ways to engage the channel partners to augment and support the distribution in plains leaving CRS to focus energies on reaching the Hard to reach in hills and mountains.</p> <p>CRS cost allocation based on value contribution from sales tilted towards the plains due to higher volume coming from there.</p>

Market Case

Sanitary napkins in Nepal is an interesting example as a case to reckon with. From the assessment of the hills and mountains typically the consumer women in the age group of 15 – 40 years have a tendency to travel down to main cities of Nepal. Whilst they are there for a few days they are exposed to the products and categories available in the cities and towns. Sanitary pad being one of category which gets a significant exposure. On the return they carry a pack or two of the same pads for future use, but quickly feel that the quota they took was quite inadequate for them. This kind of scenario is creating a reasonable demand for the sanitary pad in the hills and the mountain districts however does not get fulfilled due to non-availability of the product.

The traditional methods kicks in and continues on. On the other hand the sanitary pad have a very limited presence in the TO channel and is largely catered by the NTO channel. It is the FMCG and grocery stores that are largely stocking and selling the sanitary pads. There are two very pertinent questions arising of this case:

1. Sometime in future CRS increases its basket, the engagement of the NTO channel is inevitable, are we geared enough to take on?
2. Still would fall short on the reasonable basket size to realistically engage NTO? What would be the way ahead?

Strategic Way Forward

Strategic Objective

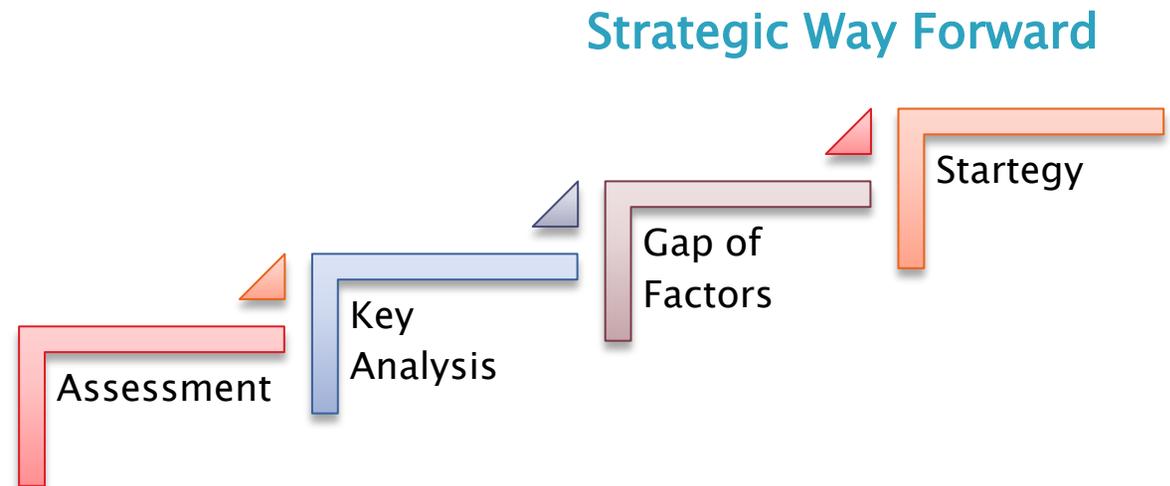
To make CRS a sustainable and efficient organization, carrying out its social objective of enhancing the development and quality of health of underprivileged and vulnerable populations of Nepal in the hard to reach areas.

Sustainability for CRS

- Fulfilling its social mandate in an efficient manner with focus on costs and productivity
- Having a range of products catering to customers across segments, generating some surpluses which will cross subsidize its social product basket
- That has built capacity in terms of its people, systems and processes to meet its objectives
- Donors partner with the organization because it delivers, has a wide ranging credibility and a record of performance.

Proposed Strategy

CRS has come a long way in reaching the products in hard to reach locations in Nepal. But there is a lot more to be done especially looking at distribution cost. The gap analysis has showcases the area in which we need to work to get the act right. Here is contour of the strategic way forward with the tactical method of what should be done.



Sustainability in case of CRS does not imply profit maximization motive and nor does it imply that CRS will be able to generate a revenue stream to fully cover its product and operating costs, but will be attractive to donors– knowing that all parts of their funds will be efficiently used and their objectives and mandates will be fully met.

1. CRS will look into the operational plan of reaching the hard to reach areas through the augmentation of TO and NTO channel but through a less cost effective and efficient method. The tactical thing that would be looked in are:
 - a. Strengthening of channel partner especially the distributor to minimize the overlap of cost of distribution
 - b. Possible restructuring of the outlets to manage and cater more efficiently on a regular frequency
 - c. Engagement of the Wholesale channel through careful planning and coverage.
2. Strategic intervention in operationalizing and supporting the concept of feeder market concept making sure that we have needed bandwidth to reach hard to reach areas. The tactical methods deployed would be
 - a. Mapping such feeder market on priority basis and bringing it under the coverage
 - b. Initiating a possible program of engagement with NTO wholesalers
3. Reallocation of manpower and resources to strategic intervention area as compared to the more stable area. The tactical method would be
 - a. support local manpower to re adjust the coverage and emphasis as mentioned above
 - b. Build capacities for engage alternative channels and community systems

Way Ahead

The country is sandwiched between India on the south and China on the north. There are 3 distinct demographic patterns in Nepal – they are (a) The Northern Mountains consisting of 16 districts (b) the middle hills consisting of 39 districts and (c) the Lower Terai consisting of 20 districts. The country is divided into 5 regions consisting of 14 zones and 75 districts in total. The estimated population of Nepal in year 2011 is 26 million of which 6% are in the mountains, 43% in the hills and 51% in the lower Terai. The urban map is construed to be 58 towns having 14% of the population and 3945 village development councils having 86% of the rural population. The total outlet landscape is divided into the 8000 Traditional Outlets (TO) and 100,000 Non-Traditional Outlets with CRS coverage of 7600 TO's and around 5000 NTO's.

1. CRS will look into the operational plan of reaching the hard to reach areas through the augmentation of TO channel & NTO but through a less cost effective and efficient method. The tactical thing that would be looked in are:
 - a. Strengthening of channel partner especially the distributor to minimize the overlap of cost of distribution
 - b. Possible restructuring of the outlets to manage and cater more efficiently on a regular frequency
 - c. Engagement of the Wholesale channel through careful planning and coverage.

Tactical Way Ahead

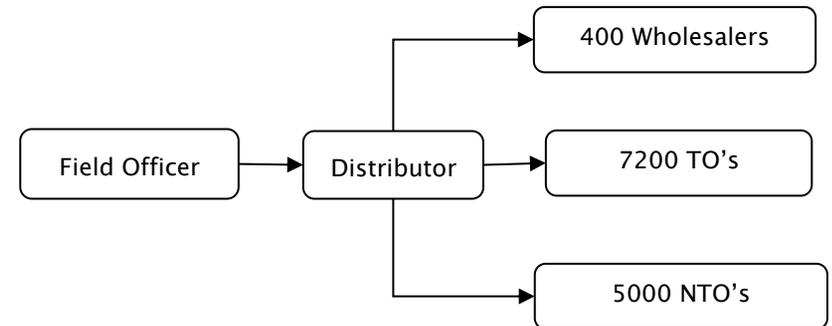
CRS for its distribution of products uses both the conventional and the non-conventional distribution network. By virtue of focusing under the banner of health umbrella the network created to distribute such products inclined towards the traditional system of chemist outlets. During the course of its establishment the system bear fruits for the following reasons

- Acceptability and adaptability of health product generally were higher in the chemist channel
- Family planning, contraception etc. were the exclusive domain of the chemist and druggist network.
- Limitation by way legal angle of drug licenses and control prohibited others from dispensing the products.
- The traditional channel maintained a quasi - doctor cum support in times of health issues

As the issues to reach the hinterland became more obvious CRS tried its hands at the unconventional modes of distribution such as the community and group based along with behavior change communication as a key driver to increase the market pie.

Coverage Map

As per CRS records and claim it has its reach to 7,200 TO's (Chemist) outlets and about 5,000 NTO outlets. The field officer visits the wholesaler and picks up orders which given to the distributor. The distributor supplies the material to the wholesaler. In few cases there is a direct selling from the distributor to the traditional retailer. The wholesalers then distribute the products to the retailer more in the traditional and very few in the nontraditional outlets. The channel right from the distributor onwards is dominated by the traditional network and almost 90% of the all CRS business originates from this part of the channel. The non-traditional channel has been contributing to only 10% of the total sales of CRS. The distributor here has to become the key important channel to develop and service it. The distributor should not depend on the CRS staff or its vehicles in either taking the order or for the delivery. Although it is easier said than done it has to start with small steps. The following process step would be enabler towards it.



1. Each Distributor should be assigned a territory with clear demarcations
2. Build the threshold number of outlets under coverage and full responsibility of the distributor
3. Let all the orders generated by CRS or otherwise be fully delivered and serviced by the distributor

4. Special attention should done to create a relationship for the wholesale channel – Schemes or Programs
5. CRS persons responsibility to shift from selling the product creating new outlets and managing awareness programs
6. Creation of regular frequency of coverage and replenishment of CRS products by the distributor.

There should be consistency of coverage based on the distributor coverage plan. List out the all the possible covered outlet from the distributors database. Arrange the data of the outlet on descending order of the outlets volume and subsequently allocate a cluster of roughly 200 outlets – wholesalers, TO’s and NTO

Day of the Week	Outlets on Weekly Coverage	Outlets on Fortnightly Coverage	
Monday	30	10 W1	10 W2
Tuesday	30	10 W1	10 W2
Wednesday	30	10 W1	10 W2
Thursday	30	10 W1	10 W2
Friday	30	10 W1	10 W2
Saturday	30	10 W1	10 W2
Total	180	120	

The benchmark should be that the higher volume outlet should get weekly coverage and lower volume fortnightly coverage. The above cycle is the allocation for one distributor sales person. Currently on an average each distributor has a similar number of outlets to cover. This recommendation is applicable for restructuring the distribution system in the plains.

2. Strategic intervention in operationalizing and supporting the concept of feeder market concept making sure that we have needed bandwidth to reach hard to reach areas. The tactical methods deployed would be
 - d. Mapping such feeder market on priority basis and bringing it under the coverage
 - e. Initiating a possible program of engagement with NTO wholesalers

Tactical Way Ahead

By virtue of focusing under the banner of health umbrella the network created by CRS to distribute its products heavily inclined towards the TO outlets. As mentioned in the analysis part terrain has a much different say in the channel as we move up into the hills and the mountains.

- There is much less availability of the TO channel as compared to NTO channel
- Density of outlets drops significantly leading to an highly inflated cost of operations
- Availability of feeder markets and its associations become important in connecting to the NTO channel.

Currently under the GGMS mandate CRS has to open up at least one outlet per VDC in the hard to reach areas of Nepal. From the assessment it is believed that most of the outlets that are opened, CRS find it extremely difficult to service it regularly. Even the cost of creating new NTO outlets in the Hard to reach area with a very small set of product is time and resources intensive. Holding on to the mandate of opening the NTO there is a good possibility of doing it in a more efficient manner.

That's the point at which these Feeder Markets come into the picture. The approach is depicted in the points below

- 20 – 30 number of NTO wholesale outlets are primarily found in a good and reasonable feeder market.
- Each market has a catchment area of 50 – 80 VDC;s which is a good number to reach
- Create a program of engaging the wholesale to distribute the product
- Map these locations and attach as targets to RFR to cover it on a regular frequency.

By doing so the multiplier effect will start to seep in as each of the wholesale outlets are further connected to 40–50 outlets in the VDC's. This would be a much more efficient way of focusing on the NTO and ensuring the continuous supplies.

3. Reallocation of manpower and resources to strategic intervention area as compared to the more stable area. The tactical method would be
 - f. support local manpower to re adjust the coverage and emphasis as mentioned above
 - g. Build capacities for engage alternative channels and community systems

Possible New Models

Self Help Groups

Ministry of Rural Development, Government of Nepal has promoted women self-help groups to facilitate micro-finance accessibility and support the groups in livelihoods opportunities. Under the program women in villages became members of a group. Each woman contributes to the kitty of the groups in the thrift and savings mode. Once the kitty of the group is large enough the group starts searching for livelihood opportunities. Some of the groups have matured to conglomerate at the Village Development Council (VDC) level.

For e.g. the in the Chitwan's Pithua VDC had 60 groups with 548 members. The group had 36 members from SC category and 81 members from indigenous category. The group saves @Rs 50 per member per month and has been in existence since last 5 years. The women have savings of NPR 14,00,000 and their total investments has been NPR 22,00,000. The group has supported the biogas project of government and its members have invested into poultry, dairy and vegetable farming.

These women can be hold potential for CRS because CRS is looking for inroad into the hard to reach areas and these women are looking for opportunities to earn. This is a win-win situation for both. CRS had started associating with these groups for reaching contraceptives and other health products to the rural poor. The process was disturbed due to the internal political strife. While CRS initiative in Bardia has continued through the strife period, it is re-starting the process again in Chitwan.

Members of the group volunteer to sell CRS products without any fixed margin on sale. The activity is considered a social service for the population and therefore lacks elements of business. The products are received by the Central Committee of the group at VDC and the member then carry stock to their outlet/home. Presently the group members seemed not invests in the stocks. The SHG Central committee collects all sales proceeds. It retains a margin (varies) and offers the rest to the volunteer sales persons

The Woman Entrepreneurship Model

Woman Entrepreneur

- Identify woman who have entrepreneurial ability.
- Conduct the behavior change communication
- Select the woman for the entrepreneurship

Train & Support

- Train the woman to conduct and do communication and selling.
- Support the woman in terms tying up with the nearest distributor for stocks and payment.

Coverage & Earnings

- Handhold the woman for execution of coverage
- Ensure a monthly incomes of nominal amounts

Applicability of the Model

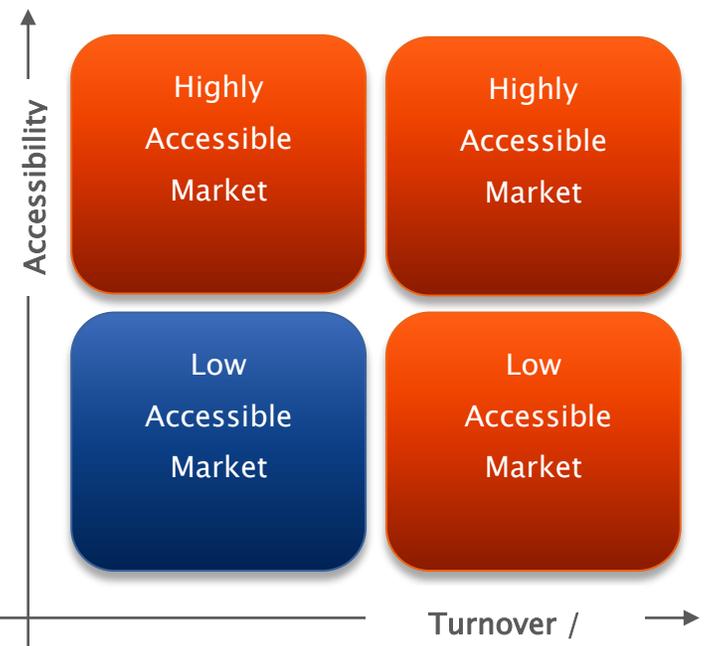
- This model is workable in the low income and base of the pyramid segment both in urban and rural
- Markets where there is low turnover and very low accessibility.

Youth Based Community Groups

As the mandate to reach the hard to reach becomes evident that organizations would be lookout for newer methods to reach these places. These offer an opportunity waiting to be tapped. However the dispersed nature of the market and villages versus the towns poses a huge distribution challenge.

For most of other companies the products are routed through the wholesaler channel. This leads to price distortion and the inherent lack of interest among the wholesalers in creating a market, resulting in low sales of these brands. Others have used conventional methods to reach the remote markets but at very high costs.

The challenge therefore is to create a low cost and self-sustaining last mile distribution and promotion system to reach these remote village locations. The educated unemployed youth belonging to these very locations promises to hold key to the reach.



Youth

- Unemployed Youth from rural hinterland is identified
- The concept of self-entrepreneurship for a social cause is shared
- Select the youth based on

Train & Support

- Train the youth to do communication and selling
- Support the youth to invest in stocks and link up to the nearest distributor
- Create a plan of marketing communication & coverage

Coverage & Earnings

- Allocate a certain area to cover either by foot or by bicycle.
- Feed these markets through regular coverage
- Brand the youth for Awareness & Communication

Applicability

- This model is workable in the low income and base of the pyramid segment both in urban and rural
- Markets where there is low turnover and very low accessibility.