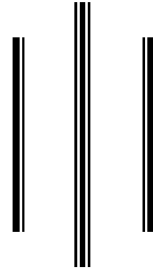


The Role of Co-operatives in Savings & Credit Mobilization  
(A Comparative Study of Rural Co-operatives of Lekhani  
VDC and Urban Co-operatives of Baglung Bazaar  
Baglung District)



A Thesis

Submitted to the Department of Economics,

Prithvi Narayan Campus,

Faculty of Humanities and Social Sciences of Tribhuvan University,

In partial fulfillment of the Requirement for the Degree of

MASTER OF ARTS

in

ECONOMICS



Submitted by

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April-2014



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Bhimkali Patan, Pokhara, Nepal

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## LETTER OF RECOMMENDATION

This thesis entitled "*The Role of Co-operatives in Savings & Credit Mobilization: A Comparative Study of Rural Co-operatives of Lekhani VDC and Urban Co-operatives of Baglung Bazaar in Baglung District*" is prepared by Kaladhar Kandel under my supervision. I hereby recommend this thesis for approval by the thesis committee.

---

Dilli Ram Subedi  
Associate Professor  
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Date:- 3<sup>rd</sup> April, 2014



Tribhuvan University  
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## APPROVAL SHEET

We certify that the thesis entitled *"The Role of Co-operatives in Savings & Credit Mobilization: A Comparative Study of Rural Co-operatives of Lekhani VDC and Urban Co-operatives of Baglung Bazaar in Baglung District"* submitted by Kaladhar Kandel to The Department of Economics, Prithvi Narayan Campus, Pokhara, faculty of Humanities and Social Sciences, Tribhuvan University, in partial fulfillment of the requirements for the degree of MASTER OF ARTS in ECONOMICS has been found satisfactory in scope and quality. Therefore, we accept this thesis as a part of the said Degree.

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## ABSTRACT

This study entitled "Role of Co-operative in Savings & Credit Mobilization: A comparison of Rural Cooperatives of Lekhani VDC and Urban Co-operatives of Baglung Bazaar" has been carried out in the partial fulfillment for the degree of Masters of Arts in Economics.

This study is concentrated on the objectives to compare and analyze the savings and credit mobilization of rural cooperatives and urban cooperatives, to examine the savings and credit mobilization of rural & urban cooperatives to provide suggestion to support the policy maker for appropriate policy. Both analytical and statistical method and tools have been used for accomplishing the objectives of this study.

The duration of this study covered only five years (2065-2070). Data are collected by both primary and secondary methods. Primary data were collected through questionnaire. Secondary data were taken from annual report and audit report of sampled four co-operative (Ekata, Sahaj, Gaja and Kadesh SACCOS), books published by cooperative department, cooperative division office of Baglung District NPC, CBS, NRB and other related dissertations, books, articles, website so on. Tables, charts, bar graphs have been drawn to present and analyze the data. Correlation Coefficient,  $\chi^2$  test have been calculated of the collected data.

During the 2065/066 to 2069/070 fiscal period, the research result present that the total savings from urban co-operatives is Rs. 53.19 crore but their net savings in the same period is Rs. 1.22 crore and total savings of rural co-operatives is Rs. 7.37 crore but their net savings is Rs. 1.57 crore. In urban co-operatives high amount is withdrawn but this amount of rural cooperative has less in percentage.

In the same year, the total credit mobilization of these urban co-operatives is Rs. 52.32 crore whereas, the net credit mobilization is Rs. 8.81 crore. Difference between net savings and net credit mobilization is Rs. 43.51 crore in urban co-operatives. Between net savings and net credit mobilizations there is a vast

difference of Rs. 7.58 crore in urban co-operatives. Total credit mobilization of rural co-operatives in the same period is Rs. 30.06 crore and net credit mobilization is Rs. 5.40 crore. The difference between net savings and net credit mobilization is Rs. 3.83 crore in rural co-operatives. In both urban and rural cooperatives net credit mobilization is greater than net savings.

Statistical results of five years (2065/066-2069/070) period, the correlation of rural savings and credit mobilization is  $r = 0.95$ , correlation of savings and credit mobilization of urban co-operative is  $r = -0.66$ . Likewise savings and credit mobilization between rural and urban cooperatives is  $r = -0.029$ . The dependence of rural savings and credit mobilization is indicated as  $\chi^2 = 18.85$ , this result justifies that  $H_0$  is rejected and  $H_1$  is accepted.

From the questionnaire it is concluded that the interest rate of co-operatives is 14-16% which is cheaper than that from money lenders.

Finally on the basis of the findings some specific suggestions have been recommended. These may be helpful to the government make cooperative reliable, well managed and capable by bringing special policy and programme for co-operative.

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## ACRONYMS

CBS	Central Bureau of Statistics
CDB	Co-operative Department Bank
CDF	Co-operative Development Fund
GDP	Gross Domestic Product
GSCC	Gaja Savings and Credit Co-operative
ICA	International Co-operative Alliance
ILO	International Labour Organization
JTA	Junior Technical Assistant
NGO	Non-Government Organization
NLNGOs	National Level Non-Governmental Organization
NPC	National Planning Commission
NLSS	Nepal Living Standard Survey
NRs	Nepali Rupees
NPC	National Planning Commission
PCPP	Public Co-operative Partnership Program
PRA	Participatory Rural Appraisal
RVDP	Rapti Valley Development Project
S.N.	Serial Number
SACCOS	Savings & Credit Co-operative Society
UNO	United Nations Organization
USA	United State of America
USAID	United State of America
UNDP	United Nation Development Program
VDC	Village Development Committee
WB	World Bank