

# CHAPTER I

## INTRODUCTION

### 1.1 Background

Small Farmer's Cooperatives are financial institutions which can play significant role to develop Economic situation of the developing countries like Nepal. "A Cooperative is an association of persons usually of limited means who have voluntarily joined together to achieve a common economic end through the information of a democratically controlled business organization, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking".

Cooperatives is an economic enterprises and as self-help organizations which is play a meaningful role in uplifting the socio-economic conditions of their members and their local communities. Over the years, cooperative enterprises have successfully operated locally owned people-centered businesses while also serving as catalysts for social organization and unity. With their concern for their members and communities, they represent a model of economic enterprise that places high regard for democratic and human values and respect for the environment. As the world today faces unstable financial systems, increased insecurity of food supply, growing inequality worldwide, rapid climate change and increased environmental degradation. It is increasingly compelling to consider the model of economic enterprise that cooperatives offer. The cooperative sector especially in developing countries also presents itself as an important element that can contribute to the realization of the Millennium Development Goals (MDGs).

Cooperatives can contribute to the achievement of the MDGs because of their inherent characteristics. Because cooperatives are economic associations and they provide the opportunity for poor people to raise their incomes. They are democratic with each member having one vote, empower people to own their own solutions, pool risks at the level of the enterprise and offer micro-insurance need to increase security. In addition there is increasing evidence indicating that cooperatives also contribute directly and indirectly to meeting several of the other MDGs such as primary education for children, gender equality and reducing child mortality.

The cooperative enterprise also presents an important model as many of the poorest and disadvantaged face social exclusion, lack of access to opportunities and growing economic

inequality. As the uneven effects of globalization have led to a rise in the unregulated informal

Economy. Workers in the informal sectors have formed shared service cooperatives and associations to assist in their self-employment. In rural areas Small Farmer's Cooperatives provides access to banking services which are lacking in many communities. Cooperatives also play an important role in the development of small farmers and agriculture development. They can affect the kind of financial deepening that the World Bank envisages as they consistently reach the poor in a sustainable way.

New Vision Small Farmer's Co-operative (NVSFC) is the Small Farmer's Cooperative in Kailashmandu VDC Bajura district It has 476 members. This NVSFC was established in 2060. It gives credit services, free skillful training services for their members. It contributed in saving, credit and other services to meet their members credit need.

This study was mainly concern to analyze activities of development of small farmerseconomic and livelihood status of small farmers and economic change of farmers through the small farmers' cooperative.

## **1.2 Statement of the Problem**

More than 80% of the total populations of Nepal are farmers. Therefore they can contribute immensely to the national development. However due to prevailing urbanization the current socio-economic status of farmers in Nepal is very poor. Farmers are being eradicated in modern society. These and so many other factors have pushed farmers to be at the back of the development. Some of the major problems faced by farmers associated in the NVSFC are summarized as follows;

- i. They have got small amount of loan in one time.
- ii. They have not got loan in proper time.
- iii. It gives huge loan for business only not for agriculture.

Though NVSFC has provided saving and credit services to farmers. The credit service have not yet solved their financial problem as expected by them. So many times members have presented complain to cooperative desk. They blame that the loan provided to them is not adequate and it is not available on the right time. Consequently this situation affects negatively the repayment and membership. Some of the cooperatives members have complained while some others members got business loan easily but they don't get agriculture loan.

There are some research question for this study:

- ) What is the interrelation between farmers and SFC ?
- ) What is the impact on farmers by SFC ?
- ) How is the economic condition of farmers and how SFC will change their livelihood ?
- ) How SFC will bring the change in agriculture system and rural community ?

### **1.3 Objectives of the Study**

The overall objective of the study is assess the Role of Small Farmer's cooperative in rural development.

The specific objectives included:

- ) To examine the institutional development program of SFDP and to highlight the situation of SFCL.
- ) To analyze the performance of the SFCL in the field of capital formation, interest collection, coverage and to support the rural poor.
- ) To evaluate about the viability and sustainability of the SFCL from the trend analysis of disbursement and collection of loan and cost effectiveness.
- ) To explore about the difficulties and constrains in the field of rural micro credit.

### **1.4 Significance of the Study**

Most of the farmers are poor. They have a lot of financial problem to solve daily activities. SFC is the one of the saving and credit organization. It gives loan for rural farmers to do agriculture, business and other activities. Facilitation to small farmer's demands development in agriculture and livelihood making process. Farmers should have knowledge, resources, greater autonomy in rural development, greater ability to plan their lives, greater control over the circumstances that influence their lives and free from shackles imposed by prevailing customs, beliefs and practices. They should become active members in development process rather than simple beneficiaries of programmers and service. SFC must be provided opportunities their member to increase production resources that would lead to better life for their families and their children.

The result of this study may provide useful information to improve saving and credit delivery and implement appropriate mechanism to Bajura District cooperative desk as well as development agency (government organization who are responsible to organize, promote and regulate primary and secondary cooperative societies) thereby to improve the income and to empower the rural farmers. The output of the research may contribute to improve the credit supply system of small farmer's development and motivate farmers to increase their saving amount.

## **1.5 Organization of the Study**

This study has been divided into six chapters. The first chapter includes introduction, background of the study, statement of the problem, objective of the study, significance of the study and organization of the study. The second chapter is literature review. The third chapter leads with methodology which includes nature and sources, rationale for selection, research design, sampling procedure, techniques and tools of data collection. The fourth chapter discusses the overall setting of study area. It consists of introduction to Kailashmandu VDC. The fifth chapter presents the data analysis where respondent profile, economic character of respondent, describes about cooperative and rural small farmers development and their needs of the study area. The sixth chapter provides summary, conclusion and recommendation followed by references and questionnaire.

## CHAPTER II

### LITERATURE REVIEW

#### 2.1 Review of Theoretical Perspective

The evolution of co-operative began along with European industrial revolution in 1884. The founders of the co-operative were the 28 industrial labors in leadership of Robert Owen, that organization is called Rochadale Pioneer. The Nobel Peace Prize winner Prof. Mohammed Yunus of Bangladesh was the first person who developed and applied the concept of saving and credit cooperatives or micro-finance. In 1976 he established saving and credits bank in the Jobra village of Bangladesh.

The SFC as a membership organization for the rural population considered as having an organizational structure whereby it acts as an intermediary between its members and other actors in the wider environment. Its principle roles to include intensifying the interaction among members and external actors to stablish new relations with develop new rules and mobilizing resources for agriculture and rural development in the interest of the members.

Figure 2.1 Farmer Cooperatives Intermediation Relations with External Actors



Source: <http://library.wur.nl/WebQuery/wurpubs/fulltext/272051> September-2013

### **2.1.1 SFC in Developed Countries**

In the new-developed countries cooperatives have had the chance to develop in their own ways over the last two centuries without much government interference. The first type to develop was a friendly or mutual health society that insured people against sickness and provided basic health care. In the USA some of the largest health providers are consumer cooperatives. In the Pacific Northwest one cooperative provides health care for 570,000 members, in the Mid-West another has as many as 630,000 members and in Japan 120 consumer cooperatives provide health care for around three million members who meet in small hen groups to discuss preventive health issues.

Consumer cooperatives which emerged in Britain in the 1840s along the Rochdale system are today the market leaders in Italy, Switzerland, Singapore and Japan. They are also very active in the Scandinavian countries and Atlantic Canada. In the UK which has seen the fiercest competition among consumer chains, consumer cooperatives are fifth in market share and pre-eminent in the small supermarket sector. Consumer co-operatives have a strong record of creating decent work for their employees, engaging in fair trade with producer cooperatives in developing countries, setting industry standards for honest labeling and promoting healthy diet.

In Britain management cooperatives have taken over unpopular council estates and tenant-owned cooperatives are challenging conventional social housing landlords to involve more tenants in the governance over social housing. Other forms of cooperatives are also active in developed economies. Retailer cooperatives provide small storekeepers with grocery, hardware and pharmacy supplies and compete directly against the large multiple chains.

Worker cooperatives particularly in the Emilia-Romagna region of Italy and the Basque region of Spain provide shared services such as banking, technical education and product development to their members. There are also emerging cooperatives in personal services such as social care for older people and people with disabilities. Worker cooperatives have also proven successful in preserving jobs by taking over failed businesses as happened in Western Europe in the 1970s and 1980s. There are primary producer cooperatives which supply inputs and do marketing and processing of products for farmers, fishermen and forestry workers. They include some of the world's biggest businesses including conglomeration of farmers, ranchers and primary cooperatives whose success made to the Fortune 500 listing.

Some cooperatives of small farmers struggling to survive in a tough market where prices paid by supermarket chains are falling and farm subsidies are being cut. In the UK there is a cooperative that operates 400 markets on behalf of 65 cooperative market societies through which 12,000 producers can sell direct to consumers.

### **2.1.2 SFC in Developing Countries**

In the developing countries the international efforts by ICA, ILO and the UN have been instrumental in the formation of new cooperatives that are independent from their governments. The ICA Identity Statement and cooperative principles, the United Nations Guidelines of 2001 and the ILO Recommendation No 193 on the promotion of cooperatives have served as guidelines to form cooperative as well as limit the role of governments to one of providing an enabling environment and level-playing field. So cooperatives can operate on a sustainable basis alongside other types of business. These mechanisms recommend that there should be an early and complete disengagement of governments from the internal affairs of cooperatives.

Telecommunications cooperatives are strong in Poland, Albania, Argentina, Bolivia, and electricity cooperatives in the Philippines and Bangladesh. Credit unions are growing in many countries and extending access to credit, savings and remittance services by poor people and migrant workers. In Bolivia cooperatives are a serious alternative to privatization of water services to urban consumers. Health professionals also sometimes find it useful to organize through a cooperative as in Brazil where the biggest cooperative medical system in the world. It has 367 local member cooperatives operating in over 80 percent of Brazil's with 98,000 doctors in membership, 12 million service patients. In Argentina 58 percent of rural electricity is supplied by cooperatives and they are also strong in telecommunications. In 2001, workers in Argentina from some 200 failed enterprises were taken over by the workers to form workers cooperatives.

Nepalese people have a long tradition in Cooperation taking many forms of labor sharing in villages, informal mutual aid groups and rotating savings and credit associations. The development of the cooperatives started in Nepal since 2010 BS with a view to develop the cooperation among the people. For which Cooperative Department was established. While this department was concentrated on all the activities relating to the cooperative sector. The Nepalese people suffered from the influences and as a result there was great loss of the lives and properties. People were compelled to migrate. The cooperative department played an important role to resolve the disaster with patience. Even in the ancient time there used to be

certain forms of cooperatives in Nepal like Dharma Bhakari, Parma and Guthi etc. In line of this 'Rapti Valley Cooperative Loans Committee' was formed in 2013 BS to provide the loan to the farmers issuing the executor order.

In addition the cooperative development treasury was established in 2018 BS when cooperative society and cooperative organization act was brought into light. In the same year Cooperative Publication, Cooperative Transposition, Cooperative Wealth Services and Sajha Cooperative Health Services and SajhaBhandar were established under cooperative central organization. Cooperative training center was established in 2019 BS. Under the cooperative bank act 2019 BS in 28 Bhadra 2020 BS Cooperative Bank was established which was later converted into Agricultural Development Bank in 2024 BS.

According to the declaration of the cooperative programmed in the royal address the cooperative programmed were launched in 27 districts. The SahakariSastha act 2016 BS and SajhaSasthan in 2041 BS was promulgated in 2041 BS. After cancelling the SajhaSasthan Act the Sahakari Act 2048 BS and SahakariNiyamawali 2049 BS were implemented this shows the importance of cooperative in Nepal.

However, the cooperative program adhering to the globally recognized cooperative principles and values started in the country only in 1956 when 13 credit cooperatives were established in the Chitwan Valley. The objectives of the cooperatives societies were to provide agriculture credit to flood-stricken people resettled in the valley. Following the successful delivery of the agricultural credit by these cooperatives the cooperatives societies Act was promulgated in 1959. After this many legal and other reforms have been made to continue the cooperative movement in the country.

Modern Cooperatives began in Nepal in 1954 when a Department of Cooperatives was established within the Ministry of Agriculture to promote and assist development of Cooperatives. By the end of mid-April 2010 a total of 22,646 cooperatives were registered across the country. Capital share of these institutions totaled Rs. 20.196273 billion and the number of total members was 2,963,114 (male members are 1,763,376 and female members are 1,199,738). A total of Rs. 124121.831359 billion savings were collected while investment worth Rs. 105.453569 billion was made from these institutions. Except the initial institutions from central to district level of cooperative campaign there are one National Cooperative Association Ltd, one National Cooperative Bank Ltd, eleven Central Sector-wise Association, sixty six District Cooperative Association and 127 Sector-wise District Cooperative Association have been registered in operation.



The class and group of community like women, Dalits, Janajatis, backward societies, landless peasants, Muslims, Madhesi who have been forced to remain behind from the national mainstream of development for centuries as well as the remote areas will be transformed into productive force through cooperatives. In order to develop cooperative as the foundation of increasing production, minimizing poverty and inequality, import substitution, export promotion, employment generation and promotion of social justice and harmony, the national program of 'Cooperatives in Villages with Employment at Every Household' will be expanded as a campaign. Cooperatives will be established as strong pillar by building inclusive economic base for utilizing local resources, capital and labor. Special grants and facilities will be provided through a cooperative trust for backward classes, caste, sex, conflict affected, martyrs' families, landless and informal sector workers to get involved in economic activities.

The traditional profession of Sarki, Damai, Kami etc. They will be transformed into modern profession by bringing them into commercial cooperatives like small farmers cooperatives with the provision of grants. Seed money will be provided to the cooperatives run by women on the basis of project proposal to enhance the skill, capacity and confidence of women. Emphasis will be given to develop agricultural wholesale and retail market. Concessional loan and seed money will be provided for tillers, cattle grazers, badee and rural landless farmers who intend to get involved in production of seasonal and off season vegetables, fruits, tea, coffee, herbs and fishery and animal husbandry.

Effective monitoring system will be made in order to maintain fiscal governance in the small farmers cooperative sector. Necessary amendment will be made in prevailing act and rules in order to make cooperative movement more effective. Emphasis will be given to increase the capacity of the institutions related to the cooperative movement. Government of Nepal will formulate a working procedure for the purpose of customs exemption and grant facilities to cooperative unions and societies.

## **2.2 Review of Empirical Study**

In this study the researcher has tried to assess the activities of small farmer's cooperatives, economic and livelihood status and, economic change of rural farmers due to the small farmers co-operative. For the case study New Vision Small Farmer's Co-operative (NVSFC) that lies in Kailashmandu VDC Bajura was considered.

### **2.2.1 Activity of SFC in Global Context**

Recognizing that economic empowerment is key to poverty alleviation. Therefore, farmer's development program in China works directly with Farmers to develop income-generating projects and strengthen the capacity of local farmer's groups to identify and address issues related to poverty and long-term development in their own communities. For example, The Asia Foundation is supporting migrant workers to start or improve their small businesses through technical training, networking opportunities, and access to credit. These farmers are not only responsible for income generation but must also care for children and the elderly. The earthquake exacerbated the challenges that these farmers face including heightened stress and isolation.

The Asia Foundation is working with local partners to provide immediate services to rural farmer ranging from agriculture development and distribute of hybrid seeds to long term assistance to improve farmer's livelihoods and ensure that their voices are heard throughout the recovery for their livelihood rebuilding process. Small Farmer's Development Program was initiated as a pilot project in 1975. It has been successfully completing its objectives to raise the socio-economic status of the rural poor. Although it is a highly accepted and adequate program in rural development, and viewed as the government's major poverty reduction program. It has been less than 10% outreach of rural population. Loan recovery performance has also been about 40 percent in mid-July 2001. The program has tended to be financially costly and unsustainable.

Community mobilization, women's empowerment, skill enhancement and capital formation are the fundamental objectives of the program but it has lack of self-governance and benefit sharing to the community of the program. Considering high overhead cost, limited outreach and community involvement is essential in all phases of planning, designing, implementing and benefit sharing of program. German Agency for Technical cooperation had diagnosed the weakness of the Small Farmers Development Program model.

In 1993 German Agency for Technical cooperation began to assist Agriculture Development Bank Nepal to transform Sub Project Office which are run and managed by Agriculture Development Bank Nepal into member owned and managed Small Farmers Cooperative Limited. Upto mid July 2003, 128 Sub Project Office have been transferred into Small

Farmers Co-operative Limited. Thirty four districts and 135 VDC are covered by the Small Farmers Co-operative Limited.

### **2.2.2 Activity of SFC in National Context**

Cooperative Federation of Nepal is the apex body of cooperative movement in Nepal. It launches several activities mostly in the areas of training i.e. cooperative trainings, leadership development training, capacity building training, member awareness campaigning, agriculture marketing training, product diversification on agro products, success case replication etc. Likewise, the project also develops model cooperatives, support to women cooperatives, distribute seed money for the expansion of agriculture business related to production and marketing.

Small farmer development program (SFDP) provides a variety of microfinance services to various households living in the Hills, Terai, and Kathmandu valley. Nearly all Nepali SFDPs are self-funded. Most of these SFDPs are profitable, including those located in poor remote areas of the hill region. Key regions for the SFDPs strong financial performance include reliance on member savings and control of administration costs. Small Farmer's cooperatives are the only source of financial services to the community people in the rural areas where commercial banks do not operate. In addition, during insurgency, when all commercial banks withdrew from the rural areas, the sources of microfinance services in the rural areas were community based SCCs.

Cooperative is an effective way for farmer development, socioeconomic development, leadership development, cooperative management, financial management training, skill development and other agricultural sensation activities which is being carried out through different program at national, regional, and local level. It also conducts interaction program for farmer development with the participation of the representative of cooperative and its stakeholders. It can be formulated code of conduct for committee members through the cooperative which is maintained ethical and financial discipline of their cooperatives. It also launches awareness program for cooperative in different districts regularly. Beside these national cooperative runs agro-marketing for equality production and marketing the products internally and externally to realize the better price to the farmers to uplift the socio-economic condition of small farmers. It can also select may other project such as national cooperative bank, operation of cooperatives exhibition, distribution of fertilizers, supply of construction materials, and production of district cooperative unions through logical supports.

Cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. This definition set out seven cooperative principles: voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, cooperation among cooperatives, and concern for community. The first four of these are core principles without which a cooperative would lose its identity. They guarantee the conditions under which members own control and benefit from the business. The education principle is really a commitment to make membership effective and so is a precondition for democratic control, while cooperation among cooperatives is really a business strategy without which cooperatives remain economically vulnerable. The last principle concern for community is about corporate responsibility and it leads into other concerns that is promoting such as prevention of poverty and protection of the environment.

Farmer's development cooperatives have played an important role in rural development in mobilizing limited resources for farmers and producers. Cooperative program uplift the socio-economic condition of rural as well as urban farmers through access of financial services and other development services and thereby alleviate poverty through agriculture development. Impacted farmer are helped to increase their income, the welfare of the whole family is improved.

Therefore this study was mainly concern to analyze the activities of saving and credit, situation of education, health, agriculture and women involvement of rural people through the small farmers cooperative.

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

This chapter describes the methods and processes applied to conclude this research. In addition it also includes the rationale for site selection, sampling procedure, and techniques used for data collection. Following procedure has been applied to find out the actual condition of the rural small farmers.

#### **3.1 Research Design**

The study has been carried out both on the basis of descriptive research design. It was focused to investigate the role of cooperatives in rural farmer's development. Similarly it tried to describe the existing status, problems and prospects of rural farmers.

#### **3.2 Nature and Sources of Data**

An intensive field survey was conducted to obtain data and information for the study. The study was based on qualitative and quantitative data. The qualitative data were collected in field study with the help of household survey, questionnaires and interviews. On the other hand quantitative data were also obtained from secondary sources. Secondary data or information has been derived from different relevant books, journals, reports, institutional publications and websites.

#### **3.3. Rationale of Site Selection**

Kailashmandu VDC of Bajura district was selected for the case study. Where different people live with different ethnicity and cast, among them most of the residents are farmers empowered through small farmer's cooperative. The study confirms that a SFDP is one of the techniques to empower rural farmers.

#### **3.4 Sampling Size and Technique**

For the case study, the researcher selected New Vision Small Farmer's Cooperative (NVSFC) that lies in the Kailashmandu VDC Bajura. In the field survey out of 476 (total) members, 50 respondents were interviewed. The samples were selected by using simple random sampling (lottery method). During the study the researcher visited every farmer's house to acquire the desired objectives.

### **3.5 Techniques of Data Collection**

For the research both primary and secondary data were used. Primary data are collected from field survey; interview, observation, focus group discussion, questionnaire and sampling.

Likewise secondary data were collected from websites and internet, report of the NGOs/INGOs, relevant books, journal, magazine, and other related research literature. For the study following techniques were used to collect primary data.

#### **3.5.1 Household Survey**

To obtain the primary data face to face interview (unstructured and structured) was adopted, where the researcher directly talked to the respondents to know the fact of the rural farmers. It involves interaction between interviewer and respondents. The researcher was included this types of questions; general information, information about income, expenditure, borrowing loan, business activities, occupational change and impact.

#### **3.5.2 Focus Group Discussion (FGD)**

Groups were considered as a means to elicit information through a consensus building in group and major group discussion were conducted with farmers group and major group. These were conducted to supplement and triangulate information gathered from the household interview and other sources. During FGD open ended questionnaire were used to capture their perception and agriculture strategies.

#### **3.5.3 Case Study**

This method was used to explore the life pattern, activities and life history of the respondent. The case study supported to get immense information about rural farmer and their family member. Out of five, the researcher used three case studies.

#### **3.5.4 Informal Interview**

During field study, informal interactions with a number of people were made. They were asked about saving and credit business informally. This technique was also useful to provide essential information about the activities of members.

#### **3.5.5 Field Note**

It is almost impossible to remember all the information collected during the field survey therefore field notes were recorded to remind later. During field survey both subjective interpretation of the situations and the raw interpretation of the fact were recorded.

### **3.6 Method of Data Analysis**

Collected information was processed and analyzed scientifically with the help of computer software like excel as well as manually. Different tables are preparing for different socio-economic variables. Mathematical calculation and statistical operations and tests are performed for quantitative information. Qualitative information is presented in descriptive way. To visualize information different diagrams and charts are prepare.

## CHAPTER IV

### PROFILE OF THE STUDY AREA

#### 4.1 Introduction

Bajura is one of 5 districts in the Seti Zone in the Far-west region in Nepal. The district covers an area of 2,188 square kilometres and has a population of 134,912 according to the census of Nepal 2011. The other five districts in the zone are Humla, Mugu, Kalikot, Bajhang and Achham. The first three border Bajura District to its east. The summer months are warm and winter are cold. There is one municipality in Bajura, Badimalika. The caste ethnicity status of the district is diverse. Including Brahmin, Chhetri, Thakuri and Dalit are the majority in population and spread throughout the district. There are 27 VDCs in Bajura District. New Vision Small Farmers' Cooperative selected for the case study lies in Kailashmandu VDC.

##### 4.1.1 Population of the VDC

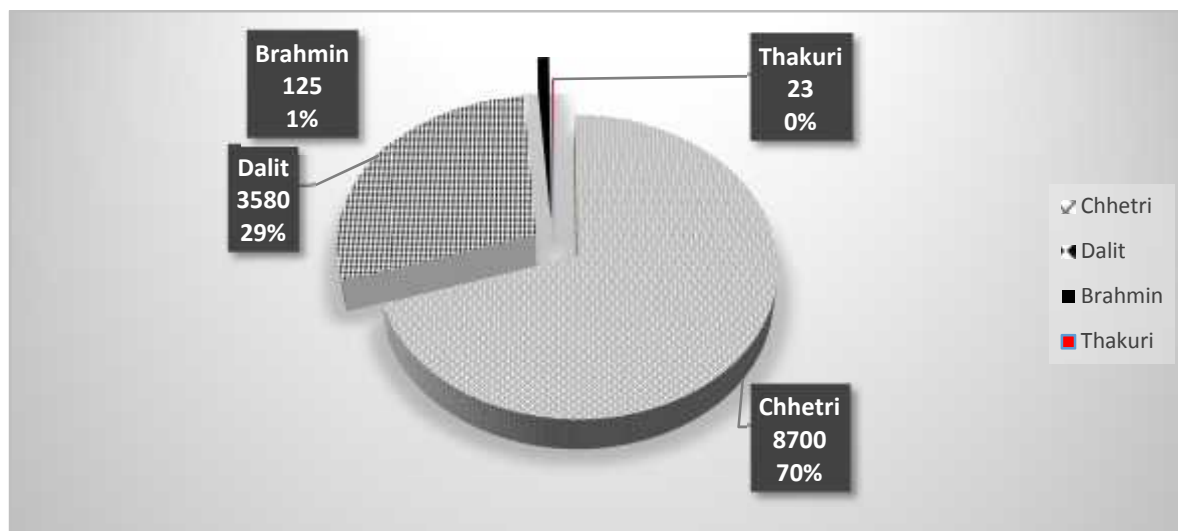
Total population of this VDC is 12,428 with female and male population of 6,228 and 6,200 respectively. The percentage of population who depend upon agriculture is 80%. About 8% of the people in this VDC are found engaged in business whereas about 12% are engaged in Jobs. The major caste groups residing in the area are Brahmin, Thakuri, Chhetri and Dalit. They are mostly small farmers with agriculture as the major occupation. Rice, Maize, Wheat, Millet and Mustard are the principal cereal crops. Whereas potato, onion, dalhan, telhan crops milk production through livestock are other sources of income. This VDC lacks developed economic and physical infrastructures. People of this VDC are mixed (middle class and poor). Among poor, some are in such a miserable condition that they have insufficient food to feed their children throughout the year. Women are still engaging on unproductive and only used in reproductive machine. Most of the women of this area are uneducated, poor, untrained or without any vocational training.

##### 4.1.2 Ethnicity and Caste Composition of the VDC

As tabulated in Table 4.1, different kinds of casts and ethnic groups were found in the study area.



**Pie Chart 4.1 Caste Composition of VDC**



Source: Bajura District Profile, 2068 B.S

#### **4.1.3 Religion in the VDC**

People residing in the VDC are Hindu. Hindus are in majority. Because of acculturation and modernity, Brahmin, Chhetri, Dalit and other ethnic groups have also belief in Hinduism.

#### **4.1.4 Occupation**

The population's percentage who solely depends upon agriculture is 80 percent. About 8 percent of the people in this VDC are found engaged in business whereas 12 percent are engaged in Jobs.

#### **4.1.5 Infrastructure Development of the VDC**

This section highlights about available infrastructures such as school, drinking water, social organization, health post and sanitation services and settlement pattern etc in the VDC. Altogether there are 26 schools, 2 are higher secondary, 22 are primary schools and 2 are boarding schools. The water supply condition has found satisfactory. There are some NGOs/INGOs are responsible behind such facility. They have provided water tank and tap in groups. There are many social and cultural organizations. Some cooperatives who has given different type of service and these are Small Farmers Cooperatives, Saving and Credit Cooperatives and Multipurpose Cooperatives. One health post has been serving the people and they have taken security from Police Post. Awareness about health, hygiene and

sanitation has found satisfactory. They have facilitated from sub-health post in case or ordinary diseases. They have been providing treatment to their family in District Hospital Martadiin case of serious illness. Local peoples are largely depend upon natural resources to supplement their small cottage industries and their livelihood. There are Three Small Farmer's Cooperatives and NVSFC is biggest cooperative of VDC.

## **4.2 New Vision Small Farmers' Cooperative and Rural Development**

### **4.2.1 Introduction of the SFC**

Nepal is divided into five development regions and 75 districts. It has three major geographic regions, high mountains, foothills and lowland plains. By the end of mid-April, 2010, a total of 22,646 cooperatives were registered across the country. Various SFC taken from different parts of the country generally represent Nepal's diversity. This enables us to note any significant income and risks faced by women. There are many cooperatives in the study area under difference Small Farmer Development Program like, Modernization Farming System, Agriculture development program, Farmer Based program etc. Only Farmer are involved in the Agriculture development program while men and women are involved in other program.

New Vision Small Farmers Co-operative is one which is established by Agriculture development program. All together 476 members are in this cooperative which provides credit to agriculture, education, health, trade and business etc. For this study a NVSFC located in Kailashmandu VDC Bajura was chosen which is solely controlled by farmer. New Vision Small Farmers Co-operative (NVSFC) is the rural Small Farmers cooperative in Bajura district, with 476 members. There are 271 Male and 205 Female members. This Co-operative is established by farmers. This NVSFC was established in 2061 B. S and office is situated in Kaliashmandu Village development Committee. It gives credit services, free skillful training services etc. to their members. It contributes in saving, credit and other services to meet their members' credit need.

### **4.2.2 Saving Service:**

A compulsory saving strategy has been adopted in the cooperative. The amount of compulsory saving per individual per month was 50Rs. This saving deposit is playing the important role in member's loan acquisitions.

Study shows that the saving feature in the cooperative encourages its members to save money and enables them to obtain loans they may require for various purposes from their

accumulated savings. This definition provides an indication of the main task of the cooperatives. It enables members to save their money on a regular basis, or according to their needs. The member saves money within the framework of the cooperative. According to the field study, cooperative has given saving service for their members. That savings are compulsory and directly related to member's credit amount. Therefore all members have involved in compulsory type of saving.

#### **4.2.3 Credit Service:**

According to the respondents the best saving system is only saving and credit cooperative as it is easy to take loan from co-operative. The source of credit capital was NVSFC. The cooperative has provided loan to the members. The saving money is being utilized for buying share capital. The Co-operative provided credit of about Rs 5 to 30 thousand for starting small shop, business and farming etc.

In case of cooperative loan, most of NVSFC activities have performed by different committee so that, before giving the requested amount of credit, the credit committee and the management committee have calculated about the type and status of the business which they would have improved or established. This is because some members would have saved more amount of money without any business activities in order to get big loan size. If members have got big loan size without business activity, they would have face challenge for repayment.

#### **4.2.4 Free Services**

New Vision Small Farmers Co-operative have 476 members. It provided various free training like educational, empowering training, business training, farming training etc. And free tour like entertaining tour, educational tour etc.

#### **4.2.5 Membership**

Membership is the most important and first activity of cooperatives as well as members. Farmer should be a member in order to get saving and credit benefit from cooperative.

To become member they should pay the decided registration fee and buy at least one share capital/unit from the cooperatives. This is because the share capital is an entry ticket that ensured a membership. The sum of registration fee and share capital collected from members is the initial capital of cooperatives. Initially cooperatives have no any source of capital

rather than share capital. If the share capital is low, the total capital of the cooperative will be low so that the cooperative will not be able to do anything.

#### **4.2.6 Co-operative Management**

Small Farmers cooperatives are usually managed by a volunteer elected committee. From this point of view, the cooperative is fully governed by the elected members. The study indicates that the cooperative lack good management which might be either intentionally or by lack of educational knowledge. All activities are served by different committees which were constituted by the general assembly.

### **4.3 Services offered by New Vision Small Farmers Co-operative**

The various savings and loan products and social services offered by NVSFC to its members are discussed in following sections. NVSFC usually provide such financial and non-financial services during its savings and credit phase.

#### **4.3.1 Savings Products**

NVSFC offer a variety of savings products to its members. It starts its savings products from compulsory savings, and gradually introduces voluntary and other purposive savings. These savings products are designed to develop thrift among members generate internal fund for on-leading and make savings available to members in times of emergency.

Savings products are regularly introduced in NVSFC on test and error basis. There is also the practice of adapting various products of advanced SFC by reasonable NVSFC. Generally, members cannot withdraw compulsory saving up to an agreed term or till it's give up membership. NVSFCL cannot return compulsory savings because these are their main sources of capital and they are also considered collateral against loans. To fulfill members' financial needs, NVSFC regularly introduce other purposive savings products.

NVSFC issue passbooks to their members once they start depositing savings.

Passbooks are filled and signed by the staff concerned.

#### **4.3.2 Loan Products**

NVSFC offers a variety of loan products to its members such as productive, social and emergency loans. The loan products are described in detail in Table 4.2.

Members are eligible to borrow loans three to six months after acquiring membership. In the case of NVSFC, more than one member from the same family can become a member, but

only one can get loan at a time. She can acquire another loan only after the repayment of the previous loan, but in emergencies, she can avail of emergency loans.

In the same way, any member who needs a loan may apply to them SFC with an application and the required fee. The loan sub-committee reviews the loan applications based on the existing policy and forwards them to Board of Directors (BOD) the final body for approving or disapproving loans, with necessary recommendations. Generally, it takes one week to approve or disapprove a loan application. The loan subcommittee is authorized to approve or disapprove loans up to the amount of Rs. 30,000.

#### **4.3.3 Farmers Involvement in Decision Making**

For the purpose of this study, impact of farmer was defined as the ability of farmer to have access to and control over income, everyday expenditure, savings and credits, and household decision making. Farmer's involvement in decision making in issue related to family planning, buying and selling of assets, community development, community meetings, voting, borrowing and use of loans and profit was taken as the indicator of empowerment. In this study role of cooperative in rural farmer's impact was concluded by calculating the percentage of members involved in various areas.

#### **4.3.4 Social Situation in Study Area**

In general, the objectives of any development program are to bring positive change in the community and to uplift the life standard of the poor, disadvantaged and backward segment of the society. The program may bring either good or bad impact in the society based on caste/ethnic groups. The researcher found positive change occurred by cooperative program in Kailashmandu VDC.

#### **4.3.5 Women Empowerment**

Empowered women contribute to the health and productivity of whole families and communities and to improved prospects for the next generation. Therefore, it is very critical to empower and capacitate women in general and poor women from the discriminated castes and ethnicities in particular, address issues of human rights violation of women, and also ensure women's effective participation and presence in all phases of reconciliation, reintegration and recovery process.

**Table 4.2 Loan Products offered by NVSFC**

Loan Products	Purpose	Interest Rate
Agriculture loan		
- Farm activities	Provided for buying seeds, seedlings, fertilizer, and livestock.	1.5%
-Vegetable cultivation Livestock	Divided mainly into three categories: short term (6 months), medium terms (up to 18 months), and long term (more than 18 months). Short-term loans are given for seasonal farm activities, medium term for livestock and long term loans for other.	1.5%

Source: Field Survey, 2017

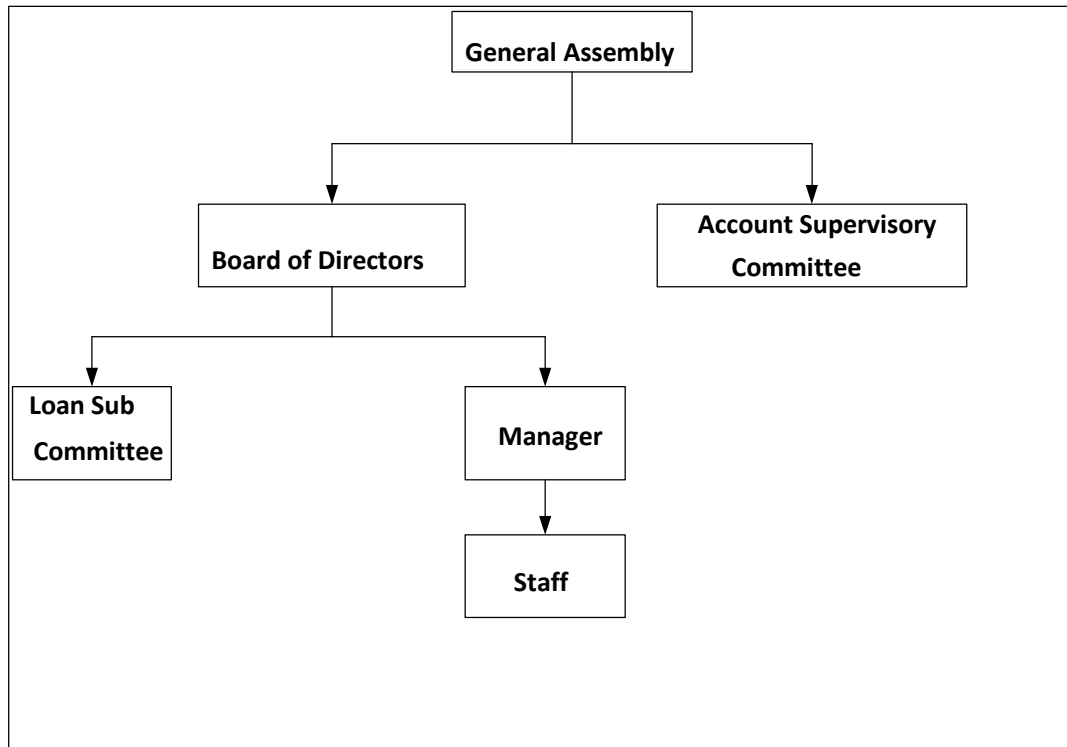
#### **4.3.6 Social Services**

NVSFC provides a broad range of social services through their own resources or in coordination with developmental agencies for the benefit of its members. These services can be categorized under the following headings;

- i. Training in Income Generating Activities: NVSFC organize various trainings in coordination with different NGOs and district line agencies, mainly with district agriculture office. These trainings include various income-generating enterprises such as seasonal and off-season vegetable cultivation, livestock (e.g. goat, chickens, pigs, and buffalo) raising, knitting and weaving etc.
- ii. Health and Sanitation: These services include implementation of drinking water projects, granting of loans to construct permanent latrines and a pit latrine and a kitchen garden. It also provides soft loans for health treatment and emergency purpose.
- iii. Community Development Activities: NVSFC is being mobilized its members for improving local infrastructure such as construction of village roads and school buildings, establishment of communication services.
- iv. Awareness Raising Activities: NVSFC organizes adult literacy classes for its members. Besides this, it organizes various campaigns and talk programs on gender equality, girl's education, pre and postal care etc.

**4.3.7 Organization Structure of New Vision Small Farmer Cooperative (NVSFC).** The general assembly elects a seven to eleven-member BOD and a three member account supervisory committee for a three to five year term.

**4.1 Organizational**



Source: Field Survey, 2017

There are two division of committee. Seven member of board of directors are elected by general assembly and three member of account supervisory committee. Members have to approve from loan sub committee for borrowing loan and three members in loan sub committee. One manager, one office staff and one marketing staff in this cooperative.

## CHAPTER V

### DATA ANALYSIS AND PRESENTATION

#### 5.1 Respondents' Profile

The researcher has been carried down the data from the KailashmanduVDC of Bajura district. The researcher has been collected the data as cluster wise, gender wise, education, occupation, age, religion. Caste wise. This data has been shed light the thought and feeling of the small farmer's cooperatives socio economic characteristics of the study areas. This section presents the members' socio-economic, economic, borrowing and expenditure status.

##### 5.1.1 Socio-Economic Characteristics of Study area

In general, the members have medium socio-economic status as can be seen from the different variables measured. The variables used for the study include following:

Overall educational attainment: majority of the members have higher education,

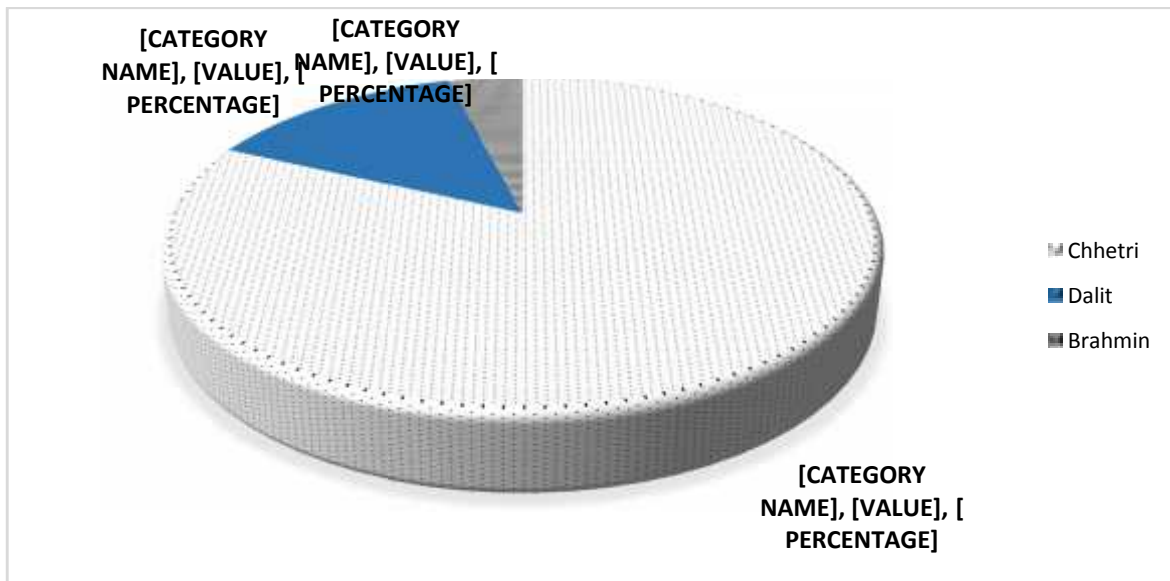
Cast: comparatively greater proportion of members come from advantaged caste than marginalized caste, Main occupation: larger fraction of members are farmers while only fewer are entrepreneurs and, Income from main occupation, from other occupations, from other household income earners, and aggregate household income: all these numbers are found at the lower level.

These data confirm that Women and Dalit in the studied area were in more marginalized or disadvantaged condition. It also indicates that even if opportunities for membership in SFC is equal among Women and Dalit from different castes, actual access is still determined by the level of castes, the women belongs to. Women from higher caste feel less constrained to join the SFC, while women from lower caste feel more constrained.



### 5.1.2 Caste of the Respondents

**Pie Chart 5.1 Distribution of Respondents by Caste**

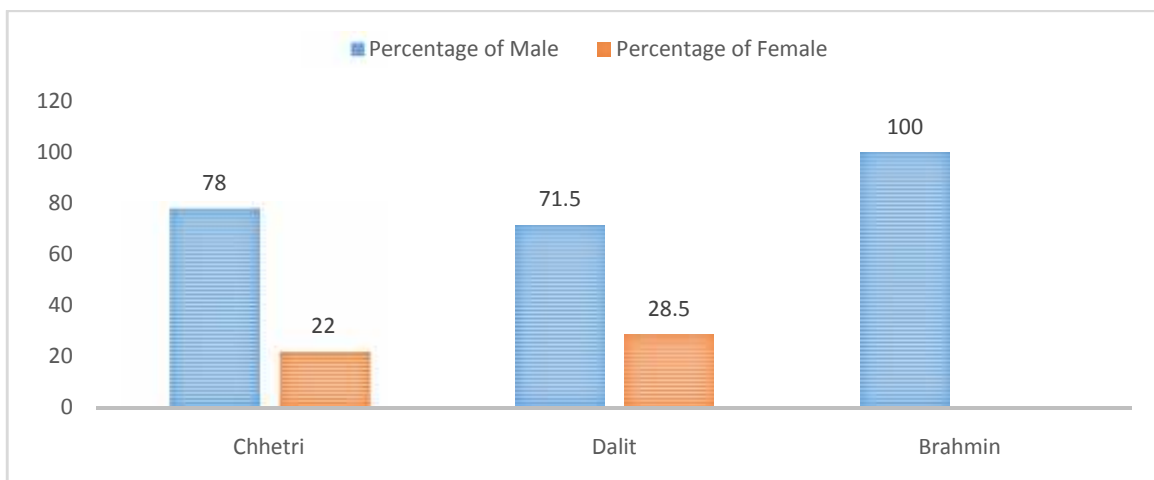


Source: Field Survey, 2017

This New Vision Small Farmers Co-operative is established by Farmer, Majority of the members that makes almost 41 percentages are Chhetri followed by 14 marginalized people (Dalit) and then 2 percentages Brahmin. In the co-operative comparatively greater proportion of members are related to advantaged caste than marginalized.

### 5.1.3 Gender wise:

**Chart 5.2 Distribution of Respondents Gender by Caste**



Source: Field survey, 2017

Among the sampled 50 population almost 78% male from Chhetri, 71.5% from Dalit and 100% from Brahmin. Likewise, 22% Female from Chhetri and 28.5% from Dalit.

#### 5.1.4 Distribution of Respondents by Age

**Table 5.2 Distribution of Respondents by Age**

Age	Number of Respondents	Percentage
0-20	8	16
20-60	40	80
Above 60	2	4
Total	50	100

Source: Field Survey, 2017

Among the sample of 50 respondents 16% found age 0-20, most of population between 20-60 which is 80% and 4% above 60. The age of 20-60 respondents are active manpower and they can upgrade to agriculture, business and other services.

#### 5.1.5 Distribution of Respondent by Religion

**Table 5.4 Distribution of Respondents by Religion**

Religion	Number of Respondents	Percentage
Hindu	50	100
Buddha	-	-
Muslim	-	-
Christian	-	-
Others	-	-
Total	50	100

Source: Field Survey, 2017

Most sample people considered for the study were Farmers. All the members were Hindu. A total of 32 (64%) became member by their own accord while 8 (16%) became member due to a request from their friends. Every month almost 66% are saving money by their own accord but 34% Member depend on their parents to save money.

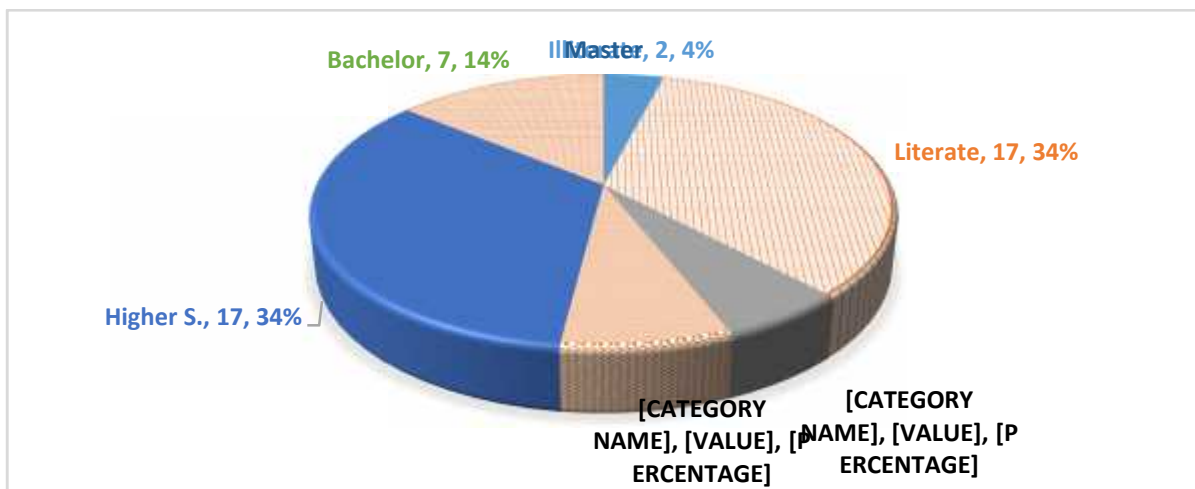
#### 5.1.6 Educational Attainment of the Respondents

Education empowers the Farmer by increasing economic status in community and leads to greater input into family and community in decision-making process. Having knowledge, income and decision-making power can place farmer on a more equal footing with their job holder counterparts. Education also provides people with the knowledge and skills to

contribute to and benefit from development efforts, especially in area of health, nutrition, water and sanitation and the environments. Skill trainings are vital to foster farmer's increased participation in the market economy, access to economic opportunities such as secure savings, non-collateral credit, and business. Training enables farmer to access capital and to expand their own income generating micro-enterprises. This, in turn, will expand household income.

### 5.1.7 Distribution of Respondents by Educational Status

**Pie Chart 5.5 Distribution of Respondents by Educational Status**



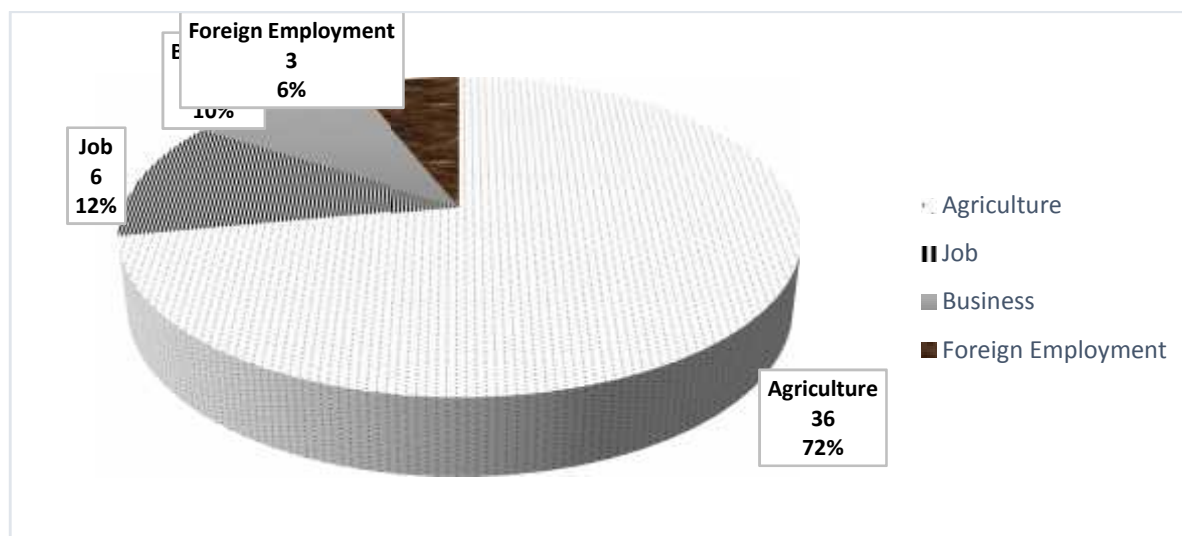
Source: Field survey, 2017

Among the sampled 50 population almost 4% were illiterate, 34% literate, 6% primary, 8% secondary, 34% higher secondary, 14% bachelor degree and no-one complete the master degree. Most respondents has complicated higher education and this status shows that education label has been improved. (Figure 5.5).

### 5.1.7 Occupations

Occupational structure is a good indicator of employment opportunities for farmer. The 1996 Nepal living standards survey central bureau of statistics (CBS, 1997) has collected information on primary, secondary and subsequent occupations. A person occupation has been defined as primary if he/she had devoted most hours of work in the preceding twelve months to this activity. The following (pie chart 5.6) illustrates the main occupation of the households and respondents in the study area.

**Pie Chart 5.6 Distribution of Respondents According to Major Occupation**



Source: Field survey, 2017

The above (table 5.6) clearly reveals that majority of the respondents' main occupation in the study area was agriculture. According to respondents 72 percent of them have been involved in agriculture. Only 6 percent of population were engaged in foreign employment and 12 percent of population were engaged in job. While 10 percent were found to be engaged in business.

## **5.2 Change in Income and Expenditure by Caste**

In the present world farmer have been the focus of all international and national development programs. Efforts have been directed at empowering them in all fields. Special programs have been instituted to improve their social and economic status through provision of education, employment, health-care and involvement in social and economic institutions, including cooperatives.

Cooperative institutions, especially the agricultural cooperatives are the agencies which hold enormous potential for the development of farmer, and more particularly the rural farmer. Rural farmer are actively involved in the process of food production, processing and marketing. They often lack the legal status which prohibits them to have access to credit, education and technology. Cooperative institutions can help accelerate the process of development and participation of farmer in their organizational and business activities. Institutions like the International Cooperative Alliance [ICA] and the Institute for the Development of Agricultural Cooperation in Asia-Japan [IDACA] together with the support

of other international organizations and national level institutions can develop and sponsor programs which aim at improving the livelihood of rural farmer.

In the past some efforts had made through which member organizations, cooperative and agricultural departments all over Asia and Africa have been requested to make special programs for rural farmer and set aside budgets for their implementation. In some cases good responses were received.

**Table 5.7 Change in Income and Expenditure of Chhetri**

Income in NRs (000)	Income, No. of Respondents		Percentage		Expenditure, No. of Respondents		Percentage	
	Before	After	Before	After	Before	After	Before	After
Less 20	9	2	21.5	5	-	-	-	-
20 – 50	22	25	54	61	5	2	12	5
50– 100	8	11	19.5	27	26	22	64	53.5
Above 100	2	3	5	7	10	17	24	41.5
Total	41	41	100	100	41	41	100	100

Source: Field Survey, 2017

The table 5.7 shows that, 5% respondents have more than Rs 100 thousand income before joining the cooperative but 7% respondents have more than Rs100 thousand income after joining the cooperative. Similarly expenditure of the members also changed after joining cooperative.

**Table 5.8 Change in Income and Expenditure of Dalit**

Income in NRs (000)	Income, No. of Respondents		Percentage		Expenditure, No. of Respondents		Percentage	
	Before	After	Before	After	Before	After	Before	After
Less 20	5	3	71.5	43	-	-	-	-
20 – 50	2	3	28.5	43	4	2	57	28.5
50– 100	-	1	-	14	3	5	43	71.5
Above 100	-	-	-	-	-	-	-	-
Total	7	7	100	100	7	7	100	100

Source: Field Survey, 2017

Table 5.8 shows that, 28.5% respondents have more than Rs 20-50 thousand income before joining the cooperative, while 43% respondents made the same income after joining the cooperative. Similarly expenditure also changed.

**Table 5.9 Change in Income and Expenditure of Brahmin**

Income in NRs (000)	Income, No. of Respondents		Percentage		Expenditure, No. of Respondents		Percentage	
	Before	After	Before	After	Before	After	Before	After
Less 20	-	-	-	-	-	-	-	-
20 – 50	-	-	-	-	-	-	-	-
50– 100	-	-	-	-	2	1	100	50
Above 100	2	2	100	100	-	1	-	50
Total	2	2	100	100	2	2	100	100

Source: Field Survey, 2017

Table 5.9 shows that, the greatest proportion of respondent that makes 100% had income status of above 100 thousand before joining the cooperative while after joining the cooperative all the members made more than this income. Likewise, 100% respondents did Rs50-100 thousands expenditure before joining the cooperative and it reached to 50% of Rsabove 100 thousand after joining the cooperative.

### 5.2.1 Seasonality of Income

The participatory rural appraisal exercise on gender-disaggregated activity calendar showed that the member's household's income is seasonal. Coming from mostly farming households, their incomes were at the peak during the harvest season (during the months of November, December and January) and lowest during the dry (April and May) and monsoon (July and August) seasons. Most members were engaged in subsistence farming.

Thus, it was common for households to be engaged in other forms of livelihood to be able to have other sources of income as shown in the earlier section on "other sources of income". Other than livestock-raising, petty trading and vegetable farming, the members were also engaged in farming using other crops such as wheat, potato, millet, corn and potato. These types of crops planted varied according to the months or season and according to the geographical location. For example, any crop may be grown in the Terai region, but most grains cannot grow in the hill parts. Being engaged in different forms of livelihood was a means for the members' households to earn constantly throughout the whole year despite the seasons.

### 5.2.2 Change in the Farming Material

**Table 5.10 Change in the Farming Material**

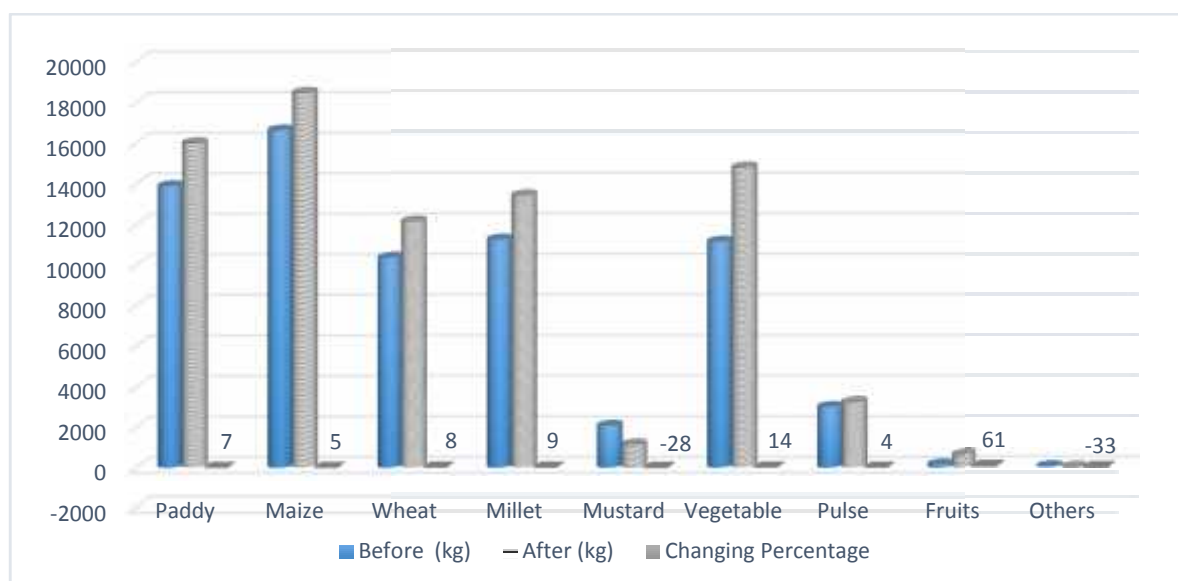
Change the farming material	No. of Respondents		Total	Percentage		Total
	Yes	No		Yes	No	
Irrigation	6	41	47	13	87	100
Chemical fertilizers	30	17	47	64	36	100
Type of seeds	37	10	47	79	21	100
Need Modern Agriculture tools	47	-	47	100	-	100

Source: Field Survey, 2017

Out of 50 respondents 3 households are not engaged farming. The table 5.10 shows that there was traditional irrigation system or 87% respondents are dependent in weather conditions. A total of 64% respondents changed the use of chemical fertilizers while 36% respondent did not change. But table 5.11 shows that there was income changed before and after joining the cooperative it might be because 79% respondents changed seeds type and all respondents need modern agriculture tools. (Table 5.10).

### 5.2.3 Change of the Production

**Chart5.11 Change of the Production Before/After Joining Co-operative**



Source: Field survey, 2017

Total sampled of 50 respondents 3 members is not engaged farming. The Bar Diagram 5.11 shows that there was 47 respondents got 7% extra Paddy, 5% Maize, 8% Millet, 14% Vegetable, 4% Pulse and 61% Fruits after joining cooperative but Mustard and Others loss 28% and 33% after joining cooperatives.

#### 5.2.4 Borrowing Loan of the Respondent from NVSFC

**Table 5.12 Borrowing Loan**

<b>Borrowing in NRs (000)</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Less than 5	4	8
5 – 10	15	30
10 – 15	14	28
15 – 20	3	6
20 – 25	2	4
More than 25	2	4
Not Borrowing	10	20
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Field survey, 2017

The table 5.12 shows that the respondents needed credit either to start new and/or improved the previous small shop, farming and animal farming. In the interview, 50 respondents described that they are engaged in crops, small shop and farming and animal farming (goats, chickens, pigs).



### 5.3 Participation of Respondents by Impact Area

**Table 5.13 Impact Area of Brahmin**

Impact area	No. of Respondents			Percentage	
		Before	After	Before	After
Decision of Children Education (Admission in private/public school)	Male	2	2	100	100
	Female	-	-	-	-
Total		2	2	100	100
General health Checkup of the family (private/public hospital)	Male	1	2	50	100
	Female	-	-	-	-
Not Checkup	Male	1	-	50	
	Female	-	-		
Total		2	2	100	100
Household Expenditure (Education, health, food, durable etc.)	Male	2	2	100	100
	Female	-	-	-	-
Total		2	2	100	100
Participates in the Social meeting	Male	2	2	100	100
	Female	-	-	-	-
Total		2	2	100	100

Source: Field Survey, 2017

Table; 5.13, shows that, impact of Brahmin is rising in considered areas. After joining the cooperative Brahmin have been participating in difference conference and learned their role in the society. Therefore they became empowered to decision making.

**Table 5.14 Impact Area of Chhetri**

Impact area	No. of Respondents			Percentage	
		Before	After	Before	After
Decision of Children Education (Admission in private/public school)	Male	35	32	85	78
	Female	6	9	15	22
Total		41	41	100	100
General health Checkup of the family (private/public hospital)	Male	3	5	7	12
	Female	-	-	-	-
Not Checkup	Male	29	27	71	66
	Female	9	9	22	22
Total		41	41	100	100
Household Expenditure (Education, health, food, durable etc.)	Male	36	33	88	80.5
	Female	5	8	12	19.5
Total		41	41	100	100
Participates in the Social meeting	Male	32	32	78	78
	Female	9	9	22	22
Total		41	41	100	100

Source: Field Survey, 2017

Table; 5.14, also reflects that impact of Chhetri is rising in the considered sectors. After joining the cooperative Chhetri are being involved in difference conference and learned their role in the society. Therefore they became empowered to decision making process.

**Table 5.15 Impact Area of Dalit**

Impact Area	No. of Respondents			Percentage	
		Before	After	Before	After
Decision of Children Education (Admission in private/public school)	Male	6	5	86	71.5
	Female	1	2	14	28.5
Total		7	7	100	100
General health Checkup of the family (private/public hospital)	Male	-	1	-	14
	Female	-	-	-	-
Not Checkup	Male	5	4	71.5	57.5
	Female	2	2	28.5	28.5
Total		7	7	100	100
Household Expenditure (Education, health, food, durable etc.)	Male	6	4	86	57
	Female	1	3	14	43
Total		7	7	100	100
Participates in the Social meeting	Male	5	5	71.5	71.5
	Female	2	2	28.5	28.5
Total		7	7	100	100

Source: Field Survey, 2017

Table; 5.15, demonstrates that, in the considered sectors impact of Dalit is rising. After joining the cooperative Dalit are being involved in difference conference and learned their role in the society. Therefore they became empowered to decision making process.

The findings indicated increasing percentages of members' involvement in all the considered areas after joining the cooperative compared to before joining Cooperative. During the household respondent survey, the researcher observed that member's vocal is playing a significant role in above study area. The researcher found that access to financial services can impact farmer to become more confident, more assertive, more likely to participate in family and community decision.

#### 5.4 Increase in Income

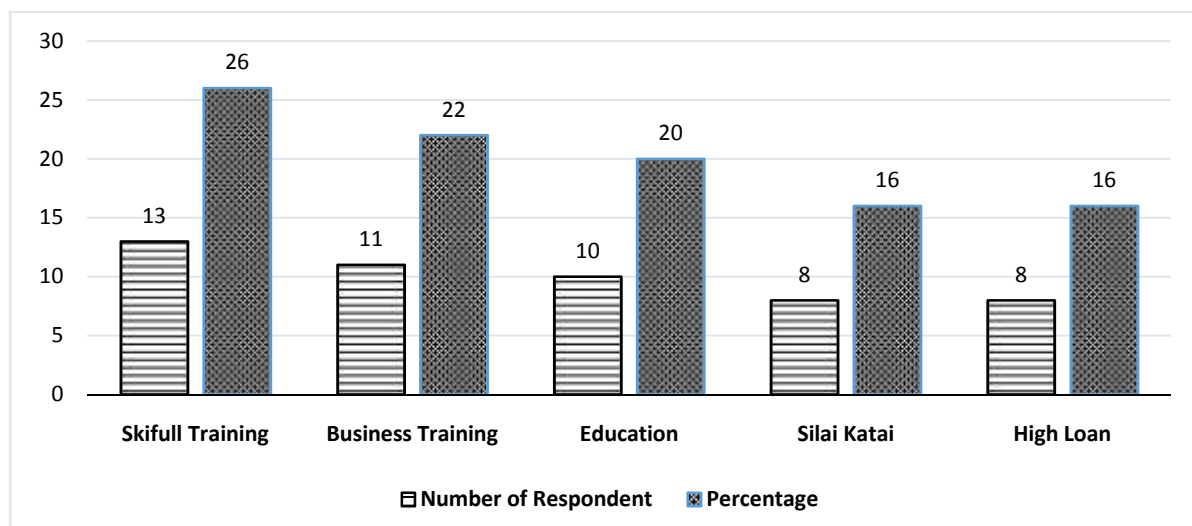
Survey findings indicates an increment in the incomes of the entire sample NVSFC's members after they joined their cooperative. NVSFC's savings and credits services and other opportunities provided its members to undertake different enterprises, including micro-enterprises. This helped the members to generate self-employment and increase their incomes, thereby contributing towards reducing their poverty to same extent.

Table 5.4 to 5.7 shows that increase in the incomes and expenditure of households since they joined cooperative were higher than those of non-members households since the establishment of cooperatives. Non-members also noted increase in their incomes since the establishment of cooperatives. It was because of their involvement in various income generating activities after observing the involvement of cooperatives members in the income-generating activities and gaining knowledge and skills from them. Therefore, increase in the incomes of non-members households was spill-over effect of the activities of the cooperatives.

#### 5.5 Farmer and their Need from Rural Saving and Credit Cooperatives

Farmer members needed credit either to start new or enhanced the previous small shop, animal fattening crops, skillful training and Education. From the interview, 50 respondents described that they have engaged in Agriculture, small shop and as well as animal fattening. Therefore they required credit to enhance those seasonal trading.

**Chart 5.16 Farmer Need from NVSFC**



Source: Field Survey, 2017

It is necessary for any SFC to be able to meet the member's needs such as to provide funds, and strengthen capacity of human resources. Generally SFC should meet the members' financial needs firstly and their social needs, secondly.

## CHAPTER VI

### SUMMARY, CONCLUSION AND RECOMMENDATION

#### 6.1 Summary

The objectives of the study were to find out Activities of Small farmers Cooperative. To find the economic impact and economic change of rural farmer by small farmers cooperative. In order to meet the research objectives different tools and techniques were used for data collection. Descriptive research was carried out for which both primary and secondary data were collected. Perception about small farmer's cooperation was collected from 50 respondents based on simple random sampling (lottery method).

The total population in the studied VDC was 12428 comprising female and male population of 6228 and 6200 respectively. The percentage of population who solely depend upon agriculture was 80% and those engaged in business was 8%, whereas only about 12% of the total population was engaged in jobs sector. Majority of population of Chhetri which makes almost 70 percent. The population size of Thakuri were 0.18 percent. The major problems found lack of development of rural farmers in terms of decisionmaking, awareness and other factors. The sample population considered for the study were members. Among them 70 percentage members were Chhetri followed by 28 percentage Dalit and then 1.18 percentage belonged to upper class family (Brahmin, Thakuri,) out of total 50 sample respondents. In the cooperative more members were advantaged than marginalized. This data is consistent with the observation that a SFC with solely member tends to have a strong farmers development agenda. Out of the total sampled respondents 72 percent were engaged in agriculture. Mostly women are directly or indirectly involved in agricultural activities. The percentage of educated people found in the study was 62% among the total 50 sampled population. The literate population was 34 % and illiterate were 4 %.

From the study it was clear that a majority of the population residing in Kailashmandu VDC are still dependent on agriculture. Especially women in spite of the smallfarmer cooperative. The basic indicators those are very vital for the socio-economic development of the society such as education, health and sanitation, drinking water, occupation, decision-making etc. play a key role for the positive change in the community. From the ethnic composition perspective most of the respondents of the VDC were poor in social as well as economic activities before the establishment of SFC. Impact of this cooperative in income generating activity helps to create a healthy family environment. Increasing earnings of farmer has a positive effect in their family's health and education. Moreover it improves their living

standard. NVSFC Program has changed the income and expenditure level after joining cooperative. The research found for poor farmer a little increase in income means significant contribution to the personal and family causes. As there was increment in the level of farmer's earning. There were increasing concerns about the control over these incomes. Members needed credit either to start new or improved the previous small shop, farming and animal farming. From the interview 50 respondents described that they have engaged in crops, small shop and farming, and animal farming (goats, chickens, pigs). Out of 50 respondents only 10 respondents did not take loan from the SFC. Almost 30% respondents had taken loan of about Rs5 to 10 thousand. This cooperative provided credit of about 5 thousand (minimum) to 30 thousand (maximum) for their member. They all are need modern agriculture tools and select to cooperative for best saving.

SFC has been contributed immensely to create awareness in the community. It is resulted a situation where farmer were provided equal opportunity in the selection of occupation, education, training and various other social activities. It is evident that farmer's role and status has been increased positively after the establishment of SFC. The level of increase is slow and gradual but has proved significant in terms of household decision making and in economic productivity. The household decision making power and authority of farmer has been significantly improved and reached after the establishment of SFC.

## **6.2 Conclusions**

The study showed that as financial mediator the SFC was able to meet some practical needs of its members. Specifically basic saving and credit services. However members expected their SFC to provide more (in terms of larger amounts) and other types of financial services.

There are certain outcomes of this research. All members have knowledge of cooperatives and its services and most members think cooperative is the best system of saving. They have positive impact on agriculture and business. There is increase in the production of many crops like rice, maize, wheat, millet, fruits and vegetables. There is some difficulties of market. Market is very far from study area. So people has not satisfied to sell the production. Level of education, health, sanitation, participation and awareness program has been increased.

The activities of NVSFC were found effective in generating wider role in its own area of operation in addition to the general role on the livelihood and impact of members at individual and household levels.

### **6.3 Recommendations**

The following recommendation has been suggested for further improvement of the NVSFC program in the future.

- Decrease in existing interest rates, especially to the money lenders, in the working area of NVSFC.
- Availability of better financial services for the people in the Kailashmandu VDC.
- Organization and expansion of markets in communities.
- Creation of social capital such as group solidarity among members.
- Increase in farmer's involvement in household decision making process.
- Increases access to opportunities. It addresses the issue of farmer's marginalization due to cultural factors such as caste and ethnicity.
- Members should be encouraged to participate more actively in discussion and deliberations in annual general meetings and monthly meetings.
- The government programs and I/NGOs should continue to promote the poverty focused SFCs model to improve access of financial services to the poor in rural region.
- It should diversify its financial products as per the needs of its members for which it should conduct market research.
- It should address the problems by developing strategies that would motivate poor people to join it.
- The follow of credit facilities needs to be reviewed and should be provided as per priority basis at the rate of low interest and educational awareness programs should be more focused.



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## Annex-I: Questionnaire

### A- General information

Name of the respondent.....

Age ..... Married ... Unmarried..... Education.... Occupation ... Caste...

Religion..... Address: V.D.C..... Ward No.....

How many years ago you became member of the co-operative?

.....

How did you become member of the small farmer co-operative?

Buying share in cash      b) Inherited from parents.....

c) Friends request.....d) myself.....

How often do you save money?

a) Daily....    b)Monthly.....

c) Every fifteen day.....    d) Yearly.....

1.4. How much money do you save at one time Rs.....

1.5. How do you manage it?

a) Starting period.....      b) Now.....

### B- Information of Income

Your main source of income. (In Rs.)

a) Agriculture .....    b) Business .....    c) Monthly wages.....

d) Daily wages.....    e) Remittance.....    f) other .....

How much of following you produced last year?

S.N.	Unit	Price	Total
Rice			
Maize			
Wheat			
Mustard			
Vegetable			
Pulse			
Fruits			
Other			

How much of following you used to produce before joining the cooperatives?

S.N.	Unite	Price	Total
Rice			
Maize			
Wheat			
Mustard			
Vegetable			
Pulse			
Fruits			
Other			

Is there any change in following features before/after joining Cooperative?

S.N	Before		After	
Irrigation	Yes	No	Yes	No
Chemical Fertilizer	Unit	Unit	Unit	Unit
Change seed type	Yes	No	Yes	No

Did you sale any livestock duty last year?

- a) Yes..... b) No.....  
i) If Yes how much?

S.N	Units	Price	Total price
Cow			
Buffalo			
Chicken			
Goat			
Other			

Did you sale any livestock product duty last year?

- a) Yes..... b) No.....  
i) If yes how much? .....

S.N	Units	Price	Total Price
Milk			
Curd			
Ghee			
Other			

C- Borrowing information

Have you borrowed loan from cooperative?

- a) Yes..... b) No.....

If yes how much Rs.....

What is the interest rate .....

What is the purpose of borrowing?

- a) Business .....
- b) Farming.....
- c) Education .....
- d) Other.....

Did you borrow loan from Co-operative for any farm activities?

- a) Yes.....
- b) No.....

i) If yes how much Rs..... ii) What is the interest rate .....

Did you borrow loan from Co-operative for any livestock purchase?

- a) Yes.....
- b) No.....

i) If Yes how much Rs ..... ii) What is the interest rate?.....

D- Information of Expenditure

Did you take the loan to fulfill your expenditure?

- a) Yes .....
- b) No .....

i) If yes how much Rs.....

What is the main source for your loan?

- a) Co-operative...
- b) Bank.....
- c) Relatives.....
- d) Local Money leader.....
- e) Others .....

Is there expenditure change before/after joining Co-operative??

S.N	Before (Rs.)	After (Rs.)
Food		
Children Education		
Festival		
Entertainment		
Cloth and Jewelers		
Other		

E- Business activities

Do you have any business?

- a) Yes .....
- b) No.....

What is your monthly income from business Rs.....

Did you borrow from co-operative to start this business?

- a) Yes .....
- b) No.....

i) If yes how much Rs.....

Did you improve your business after taking loan?

a) Yes..... b) No.....c) Few.....

If no why?

a) High interest rate..... b) Less production... c) Conflict ...

d) Less economic active..... e) other.....

F- Occupational information

1. Did you change your occupation to become member of Small Farmer Cooperative?

a) Yes..... b) No.....

1.1. What change?

a) After..... B Before.....

G- Impact of Respondent

Income and saving from agriculture.

SN	Before	After
Respondents		

People participation to decision for Livelihood.

Impact area	No. of Respondents		
		Before	After
Decision of Children Education (Admission in private/public school)	Male		
	Female		
General health Checkup of the family (private/public hospital)	Male		
	Female		
Not Checkup	Male		
	Female		
Household Expenditure (Education, health, food, durable etc.)	Male		
	Female		
Participates in the Social meeting	Male		
	Female		

In Rural area people can invest in agriculture, business, education, health etc.

SN	Before	After



- Livestock
  - Foreign employment
  - Education
  - Increase income level
  - Increase saving
  - Easy to borrowing loan
2. Why is SFC established for rural farmer ?
- Reduce poverty level
  - Easy to saving and credit
  - To transform of traditional agriculture
  - For business
  - To be rich
3. Why do you chose SFC for saving and credit?
- Low interest rate
  - Reliable
  - Near from home
  - Not access of bank
  - Own investment and own profit

## **Annex-II**

### **1. Case study**





### **Case i, Title – Increase income and impact rural farmer by SFC**

MikhiriThapa is 45 year old woman, residing in the Kailashmandu VDC Bajura and is a member of New Vision Small Farmer Co-operative since ten years. Her main occupation is agriculture and her husband is also a farmer. After the formation of local saving and credit group by small farmer' development program, she joined NVSFC and started saving Rs.20 every month. After 6 months she borrowed Rs.6000 to raise goats. NVSFC provided different types of farming training, after the training she took another loan of Rs.12,000 for goat, chickens and pig farm. She quickly developed farm with the aid of her family, every time her husband and her two sons gave their hands to her. Now she has 11 goats, 35 chickens and two pigs. Last year she earned about Rs.4500 selling goats, Rs.7000 selling chicken and Rs.8000 selling one pig. Last year she took another loan of Rs.6000 for growing her farm. Her family is happy with the farm work because they are busy and earning money. She earns about Rs.10000 - 15000 per year selling goats, chicken and pig. Her living standard started to change after she joined the cooperative and began borrowing money. Now her two sons study in college. Her husband is very happy and they work together in their farm. She has been involved in savings and credit activities for 5 years, and has purchased 2 shares of her Co-operative. She is one of the executive members in the co-operative. She is very happy and satisfied.

## **2. Case Study**



### **Case ii, Title – Increase income and impact rural farmer by SFC**

Buddhising Deuba is 40 year old man, residing in the Kailashmandu VDC Bajura and is a member of New Vision Small Farmer Co-operative since ten years. His main occupation is agriculture and his wife is also a farmer. After the formation of local saving and credit group by small farmer development program, he joined NVSFC and started saving Rs.20 every month. After 6 months he borrowed Rs.20000 for commercial farming. NVSFC provided different types of farming training, after the training he took another loan of Rs.25,000 for tent house, seeds and farming tool. He quickly developed farm with the aid of his family, every time his wife and his two daughters gave their hands to him. Now he has two vegetable farming houses. Last year he earned about Rs.8000 selling vegetable. Last year he took another loan of Rs.6000 for growing his farm. His family is happy with the farm work because they are busy and earning money. He earns about Rs.60000 - 80000 per year selling vegetable. His living standard started to change after he joined the cooperative and began borrowing money. Now his two daughters study in college. His wife is very happy and they work together in their farm. He has been involved in savings and credit activities for 10 years, and has purchased 3 shares of his Co-operative. He is one of the executive members in the co-operative. He is very happy and satisfied.

### **3. Case Study**



### **Case iii, Title – Increase income and impact rural farmer by SFC**

DammaThapa is 60 year old man, residing in the Kailashmandu VDC Bajura and is a member of New Vision Small Farmer Co-operative since ten years. His main occupation is agriculture and his wife is also a farmer. After the formation of local saving and credit group by small farmer development program, he joined NVSFC and started saving Rs.20 every month. After 8 months he borrowed Rs.10000 to grow chicken. NVSFC provided different types of farming training, after the training he took another loan of Rs.20000 for chicken farm house, and other material. He quickly developed farm with the aid of his family, every time his wife and his two sons gave their hands to him. Now he has three chicken farming houses. Last year he earned about Rs.6000 selling chicken. Last year he took another loan of Rs.6000 for growing his farm. His family is happy with the farm work because they are busy and earning money. He earns about Rs.50000 - 80000 per year selling chicken. His living standard started to change after he joined the cooperative and began borrowing money. Now his two sons study in college. His wife is very happy and they work together in their farm. He has been involved in savings and credit activities for 10 years, and has purchased 3 shares of his Co-operative. He is one of the executive members in the co-operative. He is very happy and satisfied.

**Annex- III**  
**Map Showing of Study Area**

