

CHAPTER I

INTRODUCTION

1.1 Background

Nepal is a land-locked country adjoining China in the north and surrounded on the three sides by India. It falls under the category of economically least-developed countries in the world, where a significance population survives below absolute poverty line as 23 percentages (NPC, 2012). Agriculture sector has remained key sector for the contribution to economy 34 percentages (CBS,2011) which is a main source of National income employment, food, clothing, and industrialraw materials, export basis of trade and commerce as well as major investment sector. Realizing the importance of agriculture sector the government has been giving due emphasis to it in its every five year plan and yearly budgets. Beside this role of foreign financial and technical assistance has also remained significant in this sector. But efforts from government as well as foreign donor agencies and any other program would be futile until and unless people of grass root level are not conscious and motivated for the National development through their own socio-economic development. In this reference, co-operatives could be the best solution for Nepalese rural based economy.

Co-operative refers to working together but in the broad sense it means the system under which people voluntarily associate for working together in terms of equality to eliminate their economic exploitation in respect to any economic exploitation of others. In economics, co-operative society means the organization of such people who have willingly combined for mutual help and cooperation in meeting their common requirement. "Self-help through mutual help" is the principle of co-operative and membership in such societies is optional because any individual who wishes to seek membership is free to join in the society. Open membership, democratic control, limited dividends,

political and religious neutrality, no adulteration etc. are some features of co-operative societies (Shankri Adhayanmala, Vol 16).

Most of the rural farmers are exploited by the money lenders as they charge higher rate of interest on loan. Co-operative can be a better alternative to farmers to save farmers from exploitation of non-institutional money lenders. Co-operatives are providing fertilizer, seeds, tools and goods of daily needs at reasonable price. Co-operative encourages the people for compulsory saving and mobilizes the saving in agriculture sector as well as small business and increases the production and generates employment opportunity. They eliminate middleman and provide goods and services at cheaper price. Finally co-operatives uplift the socio-economic status of the poor people.

Saving: "Saving is the portion of income not spent on current expenditure. Because a person does not know what will happen in the future, money should be saved to pay for unexpected events or emergencies. Without saving, unexpected events can become large financial burdens. Therefore, saving helps an individual or family become financially secure." In rural area cooperative is better way to keep or save the money. Cooperative encourage the people for compulsory saving and mobilize the saving in agriculture sector as well as small business and increase the production and generate employment opportunity.

Credit: Credit is contracted agreement in which a borrower receive something of value now agrees to repay the lender at same date in the future generally with interest. Simply credit word is taking as negatively. But that is not true; credit is a investment in productive sector of economy. Generally every person, organization, nation are related with credit. Credits fulfill the lack of capital and credits fulfill the gap of financial needs. Co-operative can be a better alternative to farmers to save farmers from exploitation of non-institutional money lenders.

Co-operatives are established and managed to solve the problems of distribution of goods of daily needs, agricultural inputs to facilitate and improve farmer's condition to get fair price of their farms products. The co-operatives also encourage the rural people to save money out of their small income and such savings are disbursed as loan to the people at the time of need at nominal rate of interest. So, we can say co-operatives are the true bank for the people of rural area to deposit the small saving and voluntary mobilization of such saving for their benefits.

Nepal started co-operatives in institutional form at first in 1953 A. D. in the form of co-operative credit society in 'Rapti Valley' though co-operative in traditional forms like GUTI, MANK JAY, DHIKURI etc. were practiced in the country since the time immemorial. But in the real sense co-operative in Nepal started from 1959 A.D. after the promulgation of the first co-operative act 1959 in the country. Till the completion 12th plan cooperative movement of Nepal has passed five decades and within this period it passed through several stages. Co-operative society, the guided or supervised co-operative society and the Sajha are the name given to cooperative society of Nepal in the different stages of its movement.

Till the end of 12th plan 26501 primary cooperatives, 68 district unions 175 districts subjective unions, 14 subjective central union central unions, 1 national federation and 1 national cooperative bank are organized in Nepal from village to central level.

1.1.1 General Introduction about the Siddi Binayak Co-operative (SBC) and malawar Co-operative (MC), Dang

This study is about overall situations, resource mobilization and financial performances the Siddi Binayak Cooperative Ltd. and Malawar cooperative Ltd which are located in Duruwa Dang, Nepal.

a) Siddi Binayak Co-operative Ltd.(SBC)

Siddi Binayak Co-operative Ltd. was established on 5thAshoj 2065 B.S. at Sahakari Division Karyalaya Ghorahi Dang. It was registered under the co-operative act 1991 and registration no. 359(2065/2066). In the beginning it was started by limited number of that area. Its working area is overall Dang district.

b) Malawar Co-operative Ltd.(MC)

Malawar Co-operative Ltd was established on 1stShrawan 2065 Sahakari Division Karyalaya Ghorahi Dang. It was registered under the co-operative act 1991 and registration no 336(2065/066) in the beginning it was started by limited number of that area.It was working area Duruwa and Manpur VDCs.

Both co-operative are single type of institution. Main function of these co-operative agricultural. The main vision of these co-operative is to uplift the middle and lower level people on social and economical empowerment by mobilizing the local level economic and social resources.

1.2 Statement of the Problem

Dang is a Terai district of Nepal. Major portion of population of the district lives in rural areas having agriculture as their primary occupation where the people are compelled to bear the higher price of goods and services and have no opportunity of using institutional credit at low rate of interest. So, co-operatives could be effective instrument to solve both the problems. The farmers, craftsman, and small businessman and traders in the rural areas are not facilitated with enough banking services. Co-operative organizations are the most effective device for up lifting the socio-economic condition of rural people. Co-operatives have accepted all over the world as vehicles for mobilizing the scattered saving and using it in productivity works for the benefit of the poorest section of the society as it helps to distribute wealth/profit equally to all.

The focus of the study is on the comparative evaluation of saving and credit mobilization of Siddi Binayak Co-operatives (SBC) Ltd, Malawar co-operative (MC)Ltd. Dang, for the period of 065/66 to 069/70. Comparative study on saving and credit mobilization of co-operative helps to identify the saving habit of rural people and willingness plus involvement of the people in productivity sector. This study also focuses to study the role of cooperative for the uplifting economic condition of the poor people.

The major issue of the Siddi Binayak and Malawar co-operatives is as follows.

- a) What is the status of saving and credit mobilization Siddi Binyak and Malawar co-operative ?
- b) What are the determinants of deposit/lending in above mentioned co-operatives?
- c) What are the trend of deposit collection and mobilization?

1.3 Objectives of the Study

The general objective of the study is to identify the saving and credit mobilization status of Siddhi Binayak co-operatives and Malawar co-operatives. The specific objectives of study are as follows:

- i) To examine the status of saving and credit mobilization of both co-operatives.
- ii) To compare deposit/lending ratio of Siddi Binayak co-operatives and Malawar co-operatives.
- iii) To study the trends of deposit collection and its mobilization in both co-operatives.

1.4 Significance of the Study

In the agriculture based economy like Nepal co-operative credit is largely applied to agriculture, small scale business activities and livestock development. The small and marginal farmers benefit greatly from the co-operative institution by micro finance program. Although many programs have been implemented for rural farmers' poverty alleviation in Nepal, only Krishi co-operative programs are seen as a poor targeted and rural based.

The study has analyzed the role of rural saving and credit in socio economic development rural people. This study is also provides knowledge about saving and credit mobilization position of locally established co-operatives as well as other. This study also analyzes the impact of credit mobilization in group irrespective of individuals. This study will be helpful to the Co-operative Department, Co-operative Development Board, Federation of Nepal Co-operative Association and other related sector. The significance of the study can be highlighted as follows:

- i) This study is important for co-operatives to make policy based on recommendation.
- ii) It is important for investors, customers, and personal of co-operatives to make various decisions regarding deposit and its mobilization.
- iii) The study also analyzes the weakness of co-operatives and possible prospect for their success.

1.5 Limitations of the Study

Every study has its own limitations. It is also not free from the limitations. This study has the following limitations:

- i. This study is focused on only two co-operatives Siddi BinayakCo-operative Ltd and Malawar Co-operative Ltd.

- ii. This study is based on the data of 2066/67 to 2070/71 of Siddi Binayak Co-operatives and Malawar co-operatives.
- iii. The accuracy of the research work depends on the data provided by concern co-operatives.
- iv. Limited tools and techniques of financial analysis are utilized.

Time and resource constrains may limit the area covered by the study.

1.7 Organizations of the Study

For the systematic study and presentation of the report, the research is divided in to five chapters as follows:

The first chapter includes general background of the study, statement of the problem, objectives of the study and limitations of the study.

The second chapter includes review of the literature contains of review of related books, journal past research works thesis magazines, annual report, and other necessary sources during the research study. This chapter is also plays a vital role to be a bridge in between past research and present research. It includes meaning, concept, norms and values, historical background and its types in global as general and particular in Nepal.

The third chapter expresses the methods and techniques applied in the research, process. It includes research design, population and sample data collection procedure and processing tools and method analysis.

The fourth chapter, collected and processed data are presented, analyzed and interpreted using statistical tools as well as financial tools.

The fifth chapter includes summary of whole study, conclusion and recommendation are presented.

CHAPTER II

REVIEW OF LITERATURE

This chapter consists of review of exiting literature and research studies related to the present study for the purpose of finding out what had already been explained. It was a way to discover what other research in the area of our problem has uncovered. A critical review of the literature helps the researcher to develop a thought understanding and the insight into previous research work that relates to the present study. It is also a way to avoid investigation problem that have already been definitely answered. The relevant literature and article from national and international publication as well as unpublished reports, thesis and journals etc. related with cooperatives have been reviewed.

2.1 Theoretical Review

2.1.1 International Context

Abide (2001) identified that Savings and Credit Cooperative society (SACCOS) is one types of cooperative societies with the principle objective of accumulating saving and create a source of credit to its member at fair and reasonable rate of interest (URT,2004). The primary activities of SACCOS are to mobilized saving and furnish secured and unsecured loan or credits. SACCOS are recognized as an important mean achievement of individual member development goals. Randhawa and Gallond (2003) observed that in a very real sense cooperative were contributing substantially to economic development in most developing countries. However, following the introduction of free market, the SACCOS have struggled to compete with private sector and many have not been able to provide their members with services they needed.

Zeuli & Cropp (1995) conclude that the cooperative model has been adapted to numerous and varied businesses. In 1942 Ivan Emelianoff, a respected cooperative scholar, remarked that ‘The diversity of cooperative is

kaleidoscopic and their variability is literally infinite. According to United States principle: user ownership, user control and proportional distribution Department of Agriculture (USDA) cooperative is a user-owned, user controlled business that distributes benefit on the basis of use. This definition capture what are generally considered the three primary co-operative principle: user ownership, user control and proportional distribution of benefits. The ‘user-owner’ principle implies that the people who use the cooperative help finance the cooperative and therefore, own the cooperative. Members are responsible for providing at least some of the cooperative’s capital. The user control concept means that member of the cooperative govern the business directly by voting on significant and long term business decisions and indirectly through their representative on the board of directors. Equitable voting right or democratic controls are hallmark of cooperative. ‘Distribution of benefit on the basis of use’ describes the principle of cooperative another key foundation of cooperative. Members should share the benefit, costs and risk of doing business in equal proportion.

Cobia (1989) has stated that co-operative is a user- owned and user controlled business that distributes benefit on the basis of use. According to patronage proportionally –‘a co-operative is a private business organized and joined by member to fulfill their mutual economic needs as patron of the business, with key control, ownership, and income distribution decision based on patronage proportion; namely, member voting equity capital investment by patrons, and distribution of net income to patrons are proportional to use of the co-operative. Co-operative are also commonly called non-profit corporations or patron-owned corporations. The distinction between co-operative and other business is that co-operative return net income to user or patron, while other business firms return net income to user or to investment.

Dogarawa (2005) examined that today in an era when many people feel powerless to change their lives, co-operative represent a strong, vibrant and viable economic alternative. Co-operative are formed to meet people’s mutual

needs. They are based on the powerful idea that together, a group of people can achieve goal that none of them could achieve alone. For over 160 years now, co-operative have been an effective way for people to exert control over their economic livelihoods. They provide a unique tool for achieving one or more economics goals in an increasingly competitive global economy. As government around the world cut services and withdraw from regulating market, cooperative are being considered useful mechanisms to manage risk for member in agriculture or other similar cooperatives, help salary/wages earners save for the future through a soft –felt monthly contribution that is deducted from source, own what might be difficult for individual to own by their efforts, strengthen the communities in which they operative through job provision and payment of local taxes. Cooperative generally provides an economic boost to the community as well. Incidentally, cooperative despite its old age is not very popular in Nigeria. Only recently worker cooperatives started gaining ground among working class citizens, most of who find it difficult to save part of their salaries/wages for the rainy day. Hitherto, cooperative societies were through to be association meant only for farmers, small traders and other very low income earners. This explains why quite a number of cooperative farmer are found, particularly in southern Nigeria.

Swami & Gupta (2006) explain that India is a country of villages (near about 7.5 lacks villages). Majority of the population (72%) of the country lives in village; it means almost two third populations (56 %) of the country live in rural areas. Sixty percent working population of the country is dependent on agriculture and its allied activities for livelihood. The rural economy is the main base of Indian economy which contributes 18 % share in national income. Author presented study in three section, first two exhibit a searching analysis of many aspects of rural development, especially concept, significance, current issues and strategy of development, as well asvarious aspects of co-operative such as concept, principles, origin of the cooperative movement in India and abroad, and co-operation during planning period etc. In India the solution of the

socio-economic problem such as poverty, unemployment, indebtedness, population explosion, low productivity, disparities, illiteracy, etc. can be solved with understanding the significance of rural development and cooperation in India. Co-operation is concerned with all aspects of human life i.e. economic, social, political, moral, and religious aspects, rather than any other. In the book author arrived at a conclusion that the country (India) can achieve the target of sustainable development only through rapid rural development with the help of co-operative, particularly under the condition of globalization. Co-operative had contributed in the success of economic planning. Government policies are implemented with the help of co-operative societies in rural areas. Though the co-operative societies government seeks public support and awareness.

Thomas, Kimeli & Ogendo (2012) concluded that one of the ongoing challenges SACCOS face, is in optimizing customer satisfaction and developing customer relationship management. In order to raise customer satisfaction levels SACCOS must invest in selecting the current people who not only have the functional, technical competence but also have the right attitude. Research has shown that Attitude is the most important requirement skill and functional expertise can be though. SACCOS must continuously develop, motivate and manage its employees to build customer relationship culture that relies on technical and interpersonal skills. SACCOS must invest in establishing efficiency service delivery processes and procedures that appear transparent to the customer and improve on customer interaction with the SACCOS. SACCOS must build in continuous improvement in service delivery especially when things go wrong by letting the numbers know about such situation in advance or timely. Trust is an important element in building customer relationship and as such honesty goes along way. While a SACCOS may have valid reasons to withhold bad news, it is worth nothing that a delay or distortion can do much more damage to a relationship than bad news quickly revealed.

Ikandilo (2013) opined that SACCOS operations are based on solidarity group leading with emphasis on collective responsible of members. Low income earners are lacking assets which may be pledged or taken as a security for credit various banks. Employees needs credit which they can afford to access depending on their capacities and abilities. Although it is possible and easy for low income employees to access credit through SACCOS, there are problem which limit fully access of these services. SACCOS's member needs various credit products at low rate, convenient time and right amount. They also expect growth and sustainability of SACCOS operated under best acceptable practices. SACCOS are important organs for enhancing low income employees welfare. They save as a source of credit at the same time accumulated savings from its members. The SACCOS operating principle are based on the philosophy of co-operation and mutual self-help. The main role of SACCOS is to compliment banks by providing loans to its members with moderate conditions.

Developing and improving SACCOS can be one effective alternative to formal banks. They are reaching low income earning people with financial services. It improvements are made and regulation are recognized. They operate an intermediating institution, allocating resources between low income savers and borrowers. The credit services would be available, widespread formal services; result the large segment having the opportunity for credit services and take part in formal economic activities. For employees, it will improve staff welfare and reduce employee request for advances/loan from employers. In general SACCOS in Tanzania have problem facing their activity. They include lack of funds to meet member's requirement, small size of loan offered and higher interest rate. Most of respondents said that interest rate is not affordable. Most of them are low income employees; they are unable to afford substantial loan recovery on reasonable time. The interest rate which is changed for longer period is will remain bad unless the rate is reduced. Currently there are banks providing credit services with interest rate the same with that change by SACCO's. Members may option to withdraw from SACCOs and borrow from

banks where their obligation will be limited to loan servicing. This is hampering SACCO's sustainability unless changes are made.

2.1.2 National Context

Bastola (2008) stated that co-operative not only generate income to its member but also taken overall responsibility of them. In Nepal multipurpose co-operative are in practice, they inspire the villagers for modern agriculture system, to grow off seasonal vegetable and professional animal husbandry. They promote the product in market and arrange the sales it reasonable rate.

Besides this, co-operative is working for social welfare also. It is acting for the development of leadership skills of the women informal education providing health service through health campaign and other skill- training is also given to rural women. Thus cooperative organizations are reigning revolutionary change to the life of rural women.

Badal (2012) examined that two decades of liberal economy, the international community has realized that it cannot bring long lasting economic solution in the world. In this context, co-operatives have provided the basis for the shift from liberal to mixed economy. Knowing the importance of co-operative as a way for the future economy, the United Nation has also celebrated the year 2012 as a year of the co-operative. One of the aim of the air was to make the world happier through the co-operatives. The theme of the year is co-operative as enterprises for the better world. The UN has urged the government around the world to make for co-operative friendly legislations and create conducive environment for these organization.

Co-operative are essential for world peace prosperity and social justice. This is the reason even the international co-operative federation has pushed the related UN agenda. Nepal government has also celebrated the international year of the co-operatives. Despite certain criticism about the activities, a majority of co-operative have been working properly. A few bad incident travels like fire but

the good ones rarely make the news. The co-operatives, which have been in recent controversies, have been facing problems and 99 percent co-operative are functioning properly. Co-operative have been making a lot of efforts to transform the livelihood of people. Their contribution and their role are very important.

Mishra (2013) examined that past initiative for the co-operative movements in Nepal have not shown much impact on the overall food self-sufficiency, agricultural commercialization, and socio-economic transformation of the nation. A scientific farmer co-operative movement that have empowers farmers, commercializes agriculture, enhances food security, transforms socio-economic condition and contributes to rural development in Nepal is necessary. A renewed and revitalized and co-operative movement should be all inclusive, fully managed at the grassroots level, and must have strong governmental support in terms of co-operative formations and safeguarding. Appropriate educational, research and extension support programs are essential for a successful co-operative movement. Farmer's income and quality of life must be the yardstick of success of the co-operative movement in Nepal.

Shrestha (2014) relevant that, problems seen in the co-operative were due to co-operative act 1992. The problem is aggravating as the act has not been amended as per the changed context. A high level commission formed last year by the government had found 130 saving and credit co-operative in troubled state. They had total liabilities amounting to 10 billion rs. 7.6 billion deposit and 2.4 billion in interest amount. Thought co-operative have been doing remarkable works toward alleviating poverty and making contribution to the national economy, wrongdoing of some co-operative is tarnishing the image of co-operative sector.

2.2 Empirical Review

2.2.1 International Context

Shutang & Apedaile (1989) have explained that agricultural co-operative can offer a balance among individual productive initiative, imperfectly comparative markets, imperfect government and concentration of land and wealth. They make a stand against monopoly pricing and ideally aim for competition among equals. Co-operative not only promote co-operative among their members, but also seek to co-operate with other similar organizations. They are competitive for resources and in the market-place, but co-operative practice is likely to be most successful as economic change and restructure.

China's dynamic agriculture sector needs an active program to build and support new co-operative, not just a policy that maintains the traditional rural institutional. Co-operative are an integral part of the social and economic fabric of many successful rural economics, combining the best of individual initiative for productivity, and shared risk and uncertainty. What will co-operatives look like in both countries in the first twenty years of the next century? They will be decentralized and driven by member interests. They need new organizational innovations with strong continuing education to suit specific diverse situation in rural China and Canada. Twenty first century co-operative will retain a clear focus on member services and farm household income. They will work together in economic alliances, with the potential of acquiring all the advantages of the privileged relationship now limited to conglomerate corporations. New co-operatives can promote and play an importance role in rural economic reforms, offering a wide variety of opportunities to farmers, thus strengthening the farm sector and benefiting government in both countries. Ultimately, effective new co-operative activity can help both China and Canada face the looming global era with confidence, and also contribute to building for agriculture a new 'golden bridge' to the twenty century.

Kimberly (2002) has found that very few studies have attempted to measure the economic impact of co-operatives at either the state or local level, which means their contribution to development has not been well quantified. Staff at the University of Wisconsin Center for Co-operative (UWCC) recently completed a study that provides some quantitative measurement of the economic impact of co-operative (both agricultural and nonagricultural) in the state of Wisconsin. Financial data for 1999 was collected from 798 co-operative (all of the known co-operative in the state at that time). Wisconsin co-operative represented a total of 2.7 million members and reported \$ 5.6 billion in gross sales for 1999. It should be noted that credit union contributed the majority of the figure \$ 698 million, with an additional \$ 73 million from farm credit associations. The co-operative generated \$ 227 million in net profits, of which they returned \$ 323 million back to member in the form of the cash patronage refunds and dividends. The co-operative employed 17,413 people full time and 6,021 people part time. The co-operatives reported paying \$ 583 million in salaries and wages and almost in benefit to their employees in 1999.

Gupta & Jain (2012) conducted that in India concluded that financial performances of Urban Co-operative Banks (UCBs) improved in 2010-2011 though there are some concerns with regard to some of the UCBs reporting negative. Within the rural co-operative sector, State Co-operative Bank and District Central Co-operative Banks (DCCBs) reported profit but the ground level institutions, i.e., Primary Agricultural Credit Societies (PACS) continued incurring huge losses. The financial performance of long term co-operatives was found to be even weaker than their short term counterparts. Also it was observed that the branch network of co-operatives, though widespread across the country, continued to be the concern in the north – eastern region of the country. This suggests that effort needs to be taken to improve banking penetration in the north-eastern part of the country along with improving the financial health of the ground level co-operative institutions.

Movsisyan (2013) summarized that co-operatives are slowly making an impact across rural Armenia. Co-operative have huge potential to become one of the cornerstones in Armenia's agricultural and economic development especially in rural areas where the united force of farmers can change their own lives and the overall area livelihood of community. However, in Armenia co-operative as organizational model are not sustainable yet. Most of member did benefit from developing their individual farms but the idea of co-operative as an entity is not developed properly yet. This drives risks in a sense that, after donor organizations leave, co-operative are broken since most member are not motivated to stay with the co-operative. The experience of many registered but not functioning co-operative in Armenia shows this effect.

The first reason is the imperfection of law on co-operatives that would define necessary and sufficient specifics of its operation, as well as provide legal protection both inside the co-operative and with other stakeholder. This would also protect ownership rights and responsibilities of member as well as enable co-operative to have diplomatic relations with other legal entities, such as processors. Second, there have been many case when local people confused co-operative enterprise with once-prevent collective from the soviet union time. This caused expectations of waiting for governmental aid. Meanwhile, members did not contribute to the formation of common equity of the co-operatives. However, they should be more concentrated on co-operative's self-help, self-reliance and self-responsibility aspects rather than waiting for the external support.

Moreover, the government should not intervene in creation and governance of co-operative since it contradicts to the principle of independence. Instead there should be improved partnership relations between co-operative and all its stakeholders, including the government. In the case of Armenia, the government still has much to do in term of taking actions in creations of favorable legal and economic environment for development of co-operatives.

2.2.2 National context

Pokhrel (2009) concluded that deposit is the major organ of co-operative society for its existence. As commercial bank, co-operative also collected small saving of people through various accounts and schemes. Higher the deposit, higher will be chance of mobilizing that fund in productive sector and generating higher level of profit. Before investing the collected sum, the sound investment policy should be made and loan should be approved if there is proper security of loan and income for repay of loan and interest. More risk more the profit but in the name of profit loan should not be given to the person where there is high chance of default. Co-operative societies are important for economic development of the country. They accumulate the scatted, money of businessman, craftsman, and general public and mobilize that to the needy person of lower – middle class. They eliminate middle man in rural area and help in the capital formation. Co-operative have the responsibility of providing financial as well as technical assistance to the poor people for generating income so co-operatives is taken as a device to fill the pit between have and have not.

Neupane (2006) has explained that co-operative can play vital role in the Nepalese economy though they have very poor contribution in the economy at present. If management and business operation capacities are improved, there could be better prospects for the co-operative. Successful co-operative enterprises can generate higher prospects of employment, economics surplus, which lead to poverty alleviation. In this study it also suggested that there should be honest leadership value based professional management, which could be capitalize the interest of co-operative to a success in a large scale.

Malla (2014) found that the as the member are the only user and supplies of the service of the co-operatives, it is rather unless to drive co-operative without the active participant of the members. Participant of member is essential for co-operative to function effectively. In this way, result in a stronger of ‘ownership’ on the part of member. Economics development of the co-operative is essential

requisite for the existence and long term survival. Share capital, reserve fund and total deposit play vital role in the economic development of co-operative organization. On the other hand, financial monitoring and analysis system is also essential for maximizing profit.

Bhattraï (2014) has examined that co-operative are regarded as an engine of economic growth of rural areas of the country. Such an organization plays a vital role for rural development. Many developed and developing countries have adopted the co-operative system in production, processing, marketing and caring not only the members but also have greater impacts on their communities as a whole. Therefore considering the importance of rural organizations, most of the government has mobilized co-operative system for rural development ending on domestic, social and economic situations.

B.K.(2004) has concluded that, the liquidity position of the association was satisfactory but the association had invested its fund unnecessarily in current assets. It also meant that the association had not efficient strategic planning policy and management in working capital. The heavy amount of sundry debtors and larger investment in current assets and loose and insufficient management of debtors clearly revealed that the asset utilization position of the association was not satisfactory. The association had not maintained its appropriate leverage position due to its improper loss of 0.92 percent per year. It clearly shows that it is on operating loss because of the association are found very weak. B.K. has suggested in his study that cooperative should maintain political neutrality. If managed and utilized properly. Cooperative can be the backbone of the economic development of the country. Cooperative is a best way to mobilize the scattered savings of the small farmers and laborers.

Subedi(2004) concluded that about seventy percent of the societies are running on loss. The factors were misleading directions, mismanagement, lack of support from the government, unnecessary pressure from politician, lack of

relevant, accurate, timely and understandable accounting information system of the cooperative in Nepal. The study has suggested to remove the various problems of the cooperative movement of the country and for paying due attention to development activities and existing irregularities and weakness by establishing a sound accounting information system.

Ojha (2059) conducted a research concludes that NGOs are not able to include the entire targeted woman and failed to meet the required criterion of loan repayment and amount of overdue remained high. But cooperative are working in rural area and reaching to the grass root level of illiterate, innocent and economically poor women. So, to attract the poor people to the productive sector and to kill the problem of investment in agriculture sector, cooperatives play a vital role. Cooperative can mobilize the rural women in worthy activities and support to increase national income.

2.5 Research Gap

There is a gap between the present research and previous research to some extent: Most of the previous researches are conducted in the area of performance analysis, Deposit mobilization and defects and difficulties of co-operatives. This study covers only the performance and difficulties of co-operatives. And negligence of research has been made in the area of saving and credit mobilization. The previous researches in co-operatives didn't disclose the comparative study on saving and credit mobilization, and were not concerned with determinant of deposit/lending ratio and trend of deposit collection and mobilization. Previous research earlier conducted in co-operatives seems to be vague, because those researches try to cover the many sector of the economy, which doesn't provide the appropriate result. Thus to fulfill the gap current research is conducted. This research is conducted only in the single sector of the economy i.e. co-operatives which justifies the present work.

CHAPTER III

RESEARCH METHODOLOGY

In the previous chapters the role of cooperatives and its contribution for the economic development of rural as well as nation has been discussed and literature has been reviewed with possible review of relevant books, articles and thesis and research findings. It has been done along with function of cooperative and its saving and credit mobilization trend. This has equipped the researcher to make choice of research methodology to support the study in realistic terms with sound empirical analysis. This chapter briefly explains about the research design, nature of data collection, processing of data and statistical tools used in the study.

3.1 Research Design

To achieve the objectives of the study, descriptive as well as analytical research design have been used. This study is based on secondary data. Some tools such as statistical tools like mean, CV, trend, correlation has applied to examine facts of data.

3.2 Sources and Nature of Data

This study is conducted on the basis of secondary data. The data relating to the deposit, loan, advances, investment, assets and profit are directly obtained from the balance sheet and profit and loss account of concerned cooperatives' annual report. Supplementary data and information are collected from number of institutions and authoritative sources like Sahakari Bikas Board, Sahakari Division Karyalaya, Nepal Rastra Bank, Websites etc.

3.3 Population and Sample

After the restoration of democracy (2046) the most developed concept for social empowerment is 'cooperative'. So there are innumerable cooperatives in our country. In this study the saving and credit mobilization of two

cooperatives SBC and MC are studied. All the cooperatives of Nepal are taken as population and SMC and MC are taken as samples for the study. SBC and MC are working in rural area and providing service to economically exploited people. Therefore, these two cooperatives have been selected as a sample for the study by using convenient sample method to know the actual performance of cooperating working in rural area.

3.4 Method of Data Analysis

To achieve the objectives of the study various financial and statistical tools have been used. The analysis of the study is based on the pattern of data available to make the analysis more effective, convenience, reliable and authentic. The different calculated results obtained through financial, accounting and statistical tools are tabulated under different headings. Then they are compared with each other to interpret the result.

Financial Tools

Following financial tools are applied to analyze the data

Liquidity Ratio: The ability of the cooperatives to meet its short-term obligation is known as liquidity. It reflects the short-term financial strength of the cooperatives. These ratios are used to know the capacity of the concerned cooperative to repay its short-term liability. Under this following ratios are computed.

- i) Current Ratio
- ii) Total liquid fund to total deposit ratio

Activity Ratio: Activity ratio reflects the firm's efficiency in utilizing its assets. Activity ratios measure the effectiveness of the employment of the resource in a business concern. Under this ratio, the following ratios are computed.

- i) Credit to total deposit
- ii) Time deposit to total deposit

Capital Adequacy Ratio: This ratio has been one of the most controversial issues. Excess capital than required capital reduces the profitability whereas less capital is symbol of a weak capital structure. So, cooperatives have to maintain the adequate capital as per the direction given by cooperative board under this ratio, the following ratios are compared.

- i) Capital to total deposit
- ii) Capital to total credit
- iii) Capital to total assets

Efficiency Ratio: Efficiency ratio is an important ratio. It measures the efficient associated with the banking operation. Efficiency ratio is shows the institutions viability reliability efficiency. It plays an important role in evaluating their efficient. A best efficient under the heading following ratios are analyzed.

- i) Operating Cost Ratio
- ii) Employ to Operating Cost Ratio
- iii) Interest earn to total assets ratio

Profitability Ratio: Maximization of profit is the main objective of each and every cooperative. It is very necessary to earn maximum profit for the successful running of a cooperative concern. According to Lord Keynes, "Profit is the engine that drives the business enterprises." The profit is also important to preserve the existence of cooperatives as well as strengthening expending it. Following ratios are calculated under this ratio:

- i) Net Profit to Total Working Fund Ratio

ii) Net Profit to Total Loan and Advances

iii) Earnings Per Share

iv) Return on Equity

Percentage Change Ratio: Percentage is used to measure the changing position of different amount. MC is greater than that of SBC ie. $96.56 > 72.55$, (Appendix I).

Growth Ratio: Growth ratio is directly related to the fund mobilization and investment management of a cooperative. It represents how well the cooperative are in maintaining economic and financial position. Following ratios are considered under this ratio. MC has higher the growth ratio than SBC i.e. 123 percent $>$ 111 percent, (Appendix IX).

i) Growth Ratio of Total Deposit

ii) Growth Ratio of Total Loan and Advances

Statistical Tools

Statistical methods are the mathematical techniques used to facilitate the analysis and interpretation of numerical data secured from group of individual or groups of observation form a single individual. The figures provide detail descriptions and tabulate as well as analyze data without subjectivity but only objectivity (Joshi, 2002)

a) Arithmetic Mean

Arithmetic man is the ratio of the sum of all the observations to the number of the observations,(Appendix II).

The arithmetic mean is a single value of selected series which represents them in average. Out of the various central tendencies, a mean is a one of the useful tool to find out the average value of the given data (Gupta. S.C., 2010)

b) Standard Deviation (SD)

The measurement of the scatterings of the mass of figure in a series about an average is known as dispersion. The standard deviation measures the absolute dispersion. The greater the amount of dispersion, greater will be the standard deviation. A small standard deviation means a high degree of uniformity of the observation as well as homogeneity of a series. In this study, standard deviation of different ratio is calculated, (Appendix III).

c) Coefficient of Variation (CV)

The coefficient of variance measures the ratio of the standard deviation to the standard deviation to the mean expressed in percent,(Appendix IV).

Coefficient of variance is also useful in comparing the amount of variation in data groups' different mean. It is the relative measure of dispersion. A distribution with smaller coefficient said to be more variable of heterogeneous then the other.

d) Coefficient of Correlation (r)

Coefficient of correlation measures the degree of relationship between two sets of sigma. There is various method of finding out coefficient of correlation but Karl Person's method is applied in the study. The result of correlation coefficient is always between -1 and +1. It is indicated by r. When $r=0$, it means there is no relationship between two variables,

(Appendix V).

e) Probable Error

Probable error of the correlation coefficient is denoted by P.E. It is used for the testing of reliability of the calculated value of r, (Appendix VI).

F) Trend Analysis

Trend analysis has been a very useful and commonly applied statistical tool to forecast the future events in quantitative terms. On the basis of tendencies in the dependent variable in the past periods, the future trend is predicted. This method of forecasting the future trend is basined on the assumptions that the past tendencies of the variables are repeated in the future or the past event affects the future event significantly, (Appendix VII).

CHAPTER IV
PRESENTATION AND DATA ANALYSIS

This chapter deals with the presentation analysis and interpretation of statistics, evidence and facts to clarify the research work. Hence the study presents the collected data for various purpose of analysis. The data are analyzed using financial and statistical tools to get values of different variables. The analyzed data and results are presented clearly and simultaneously using table and graphs. Lastly, each of the result is interpreted in each topic and sub-topic.

1.1 Deposit Collections and its Mobilization

The main objective of these co-operative is to improve small families' lifestyle and guarding the small saving of people and mobilizing it in productive sector. The following table shows the situation of co-operatives in relation with deposit collection.

1.1.1 Annual Percentage Change of Deposit Collection

Table 4.1

Deposit Collection and its Annual Percentage Change of Siddi BinayakCo-operatives (SBC) and Malawar Co-operative (MC)

Year	Siddi Binayak Co-operatives (SBC)		Malawar Co-operatives (MC)	
	Deposit Collection	Percentage Change	Deposit Collection	Percentage Change
2066/067	290000	-	28056	-
2067/068	539568	46.25	28556	1.78
2068/069	1965620	72.55	28556	1.78
2069/070	5116038	61.58	830400	96.56
2070/071	5703429	10.30	698574	-18.87

Source: Annual Reports of SBC and MC (2066/67-2070/71)

The table 4.1 shows that the deposit collection of SBC is in increasing order. The deposit collection at established year (F/Y 2066/067) was Rs. 290000 and in the F/Y 2070/071 (last year of the study period) the deposit collection has been found 5703429. The annual percentage change shows the function mode or first two years. The maximum growth of deposit collection of SBC is 72.55 percent in the F/Y 2068/069 and the minimum growth of deposit collection of SBC is 10.30 percent in the F/Y 2070/071. On the other side, the deposit collection of MC has nominally increased in the first year of its established F/Y 2066/067. In the second year and third year the deposit collection is constant. In F/Y 2069/070 or fourth year of its establishment the deposit collection is Maximum which reached Rs. 830400. In the last year or F/Y 2070/71 the deposit collection of MC has decreased to Rs. 698574. The nominal increase in deposit collection at rate of 1.78 percent in the F/Y 2068/069 where as the maximum annual percentage increase in deposit collection of MC 95.56 percent in the F/Y 2069/070. In the last year of the study period the deposit collection decreased of 18.87 percent in the F/Y 2070/071.

Comparatively, SBC is at higher position of deposit collection in every successive year with increasing trend where as a deposit collection status of MC is in fluctuating trend but MC has also significantly increased deposit collection in the second last year or fourth year of its establishment. The maximum annual percentage change of deposit collection of MC is greater than that of SBC i.e. $96.56 > 72.55$.

1.1.2 Growth Ratio of Deposit Collection

Growth ratio is the growth rate of deposit collection. It indicates how well the co-operative in collecting the deposit, (Appendix VIII).

Table 4.2
Growth Ratio of Total Deposit Collection

Fiscal Year	Deposit Collection	
	SBC	MC
2066/067	290000	28056
2067/068	539568	28556
2068/069	1965620	28556
2069/070	5116038	830400
2070/071	5703429	698574
Growth Rate (%)	111%	123%

Source: Annual Reports of SBC and MC (2066/67-2070/71)

The table 4.2 shows that the growth ratio of table deposit of SBC and MC are 111 percent and 123 percent respectively which shows that MC has higher the growth ratio than SBC i.e. 123 percent >111 percent. MC shows better performance of collecting deposit SBC.

1.1.3 Annual Percentage Change of Credit Mobilization

Annual percentage change of credit mobilization shows that how the co-operative mobilizing its saving or the lending status of co-operative.

Table 4.3
Credit Mobilization and its Percentage Change

Year	SBC		MC	
	Credit Mobilization	Percentage Change	Credit Mobilization	Percentage Change
2066/067	1543725	-	10000	-
2067/068	3699806	58.27	10500	4.76
2068/069	3231425	-14.49	10500	4.76
2069/070	2271416	-42.26	91214	88.84
2070/071	2854300	20.42	327254	72.12

Source: Annual Reports of SBC and MC (2066/67-2070/71)

The table 4.3 shows that the credit mobilization SBC is in fluctuation trend. The total credit mobilization in the first year of study period (2066/067 F/Y) was Rs. 1543725 in second year it reached to Rs. 3699806 in third year and fourth year it decreased to Rs. 3231425 and Rs. 2271416 respectively and in fifth year it increased Rs. 2854300. The minimum percentage of credit mobilization is negative -42.26 in F/Y 2069/070 where as the maximum annual percentage change in credit mobilization is 58.27 percent in the F/Y 2067/068.

On the other side, the credit mobilization of MC is in increasing order. The total credit mobilization in first year of study period s. 1000 similarly fifth year i.e. F/Y 2070/071 credit mobilization reached to Rs. 327254. In the third year of study period there was no change of credit mobilization it was constant in Rs. 10500 and in fourth year it highly increased it is reached 91214. The minimum percentage change of credit mobilization is 4.76 percent in fourth year there is maximum increase in credit mobilization. It is 88.84 percent in 2069/070. In comparative analysis the MC has better credit mobilization than SBC. MC is always positively change in credit mobilization in another hand SBC is negatively change or credit mobilization credit mobilization of MC is higher in fourth year of study period.

1.1.4 Growth Ratio of Credit Mobilization

Growth ratio of credit mobilization indicates that the growing rate of the credit mobilization every successive year.

Table 4.4
Credit Mobilization and Its Growth

Year	SBC Credit Mobilization	MC Credit Mobilization
2066/067	1573725	10000
2067/068	3699806	10500
2068/069	3131425	10500
2069/070	2271416	91214
2070/071	2854300	327254
Growth Rate %	16.7 %	13.9 %

Source: Annual Reports of SBC and MC (2066/67-2070/71)

The table 4.4 shows that the growth ratio of credit mobilization of SBC and MC are 16.7 % and 13.9 % respectively which shows that SBC has higher growth ratio than MC i.e. 16.7%>13.9%. The credit mobilization performance of SBC is better than MC.

1.2 Coefficient of Correlation

Under this heading Karl Person's coefficient or correlation is used to find out the relationship between total deposit and loan and advances credit mobilization.

1.2.1 Coefficient of Correlation between Total Deposit and Credit Mobilization

Total deposit and credit mobilization are very important assets of the co-operative. Deposit is mobilized as the loan and advances. Proper mobilization of deposits is very crucial function of the co-operatives. The relationship between deposit and its mobilization must be optimum to gain profit. In this analysis total deposit is independent variables (x) and loan and advance is dependent variable (y).

Table 4.5

Coefficient of Correlation between Total Deposit and Credit Mobilization

Name	R	R ²	P.E.	6 P.E.	Sign/in sing
SBC	-0.412	0.169	0.25	1.5	Sig (r<6 P.E.)
MC	0.97	0.95	0.015	0.090	Sig (r>6 P.E.)

Source: Annual Reports of SBC and MC (2066/67-2070/71)

The table 4.5 shows that the correlation coefficient (r) between deposit and loan and advances of SBC and MC that are -0.412 and 0.97 respectively. This shows the SBC has negative relationship between loan and deposit similarly MC has highly positive relationship between two variables deposit and loan.

By considering coefficient of determination (r^2) the value of r^2 is 0.169 in case of SBC and 0.95 in case of MC. The value of r^2 is 0.169 which means that only 16.9 percent loan is determined by deposit 83.1 percent of loan and advance is determined by deposit and 5 percent loan and advance depend upon the other variable. The correlation coefficient (r) is less than 6 P.E. of SBC. So, it shows that there is no significance relationship between deposit and loan and advance. Similarly, correlation coefficient ρ of MC is greater than 6 P.E. So, there is significance relationship between deposit and loan and advance.

1.3 Financial Ratio Analysis

Financial analysis is the process of knowing the financial strength and weakness of the co-operatives by establishing relationship between variables. It is a technique for interpretation of financial strength through mathematical expression. It may be defined as the mathematical expression of the relationship between accounting figures. To evaluate the different account termed as ratio analysis. In short ratio analysis can be defined analysis of financial data to make judgment easier. Ratio analysis is used as an index for evaluating financial position and performance of the firm.

1.3.1 Liquidity Ratio Analysis

Liquidity ratio measures the ability to meet short term and maturity obligation. This is also called solvency ratio of working capital ratio. It is the relative proportion of current assets to current liabilities. Under liquidity ratio following terms are examined.

1.3.1.1 Current Ratio

Current ratio is concerned with current assets and current liabilities and it defined as how much amount of current assets is available to pay one rupees of current liability. It is also called working capital ratio. (Appendix XVII)

In this study, current assets comprise of assets convertible into cash within a year such as cash balance, short term loan to member, account receivable etc. Similarly current liabilities include obligation maturing within a year i.e. general deposit and account payable. A high current rate indicates excessive investment in current assets leading to underutilization of firm's resource and causes to lower profitability position. In the same way a low ratio indicate inability to higher profitability position makes the firm able to maintain short term solvency. 2:1 is assumed to be appropriate current ratio though this standard is only rule of thumb. This current ratio of SBC and MC is given below:

The table 4.6 shows current ratio of SBC and MC. Both the co-operatives' current ratio is fluctuation order. In first two years MC meet the standard current ratio i.e. 2:1. The highest current ratio of MC is 0.76:1 in the fiscal year 2068/069. On the other hand, SBC is failed to maintain the standard current ratio in every year its highest current ratio is 1.72:1 in the first year of study period i.e. in F/Y 2067/068 and lowest current ratio of it is 1.34:1 in the F/Y 2070/071. The average current ratio of MC meets the standard norms i.e. 2.146:1 and average current ratio of SBC is 1.546:1. The SBC has 1.546 to 1 rupees of liability and MC has 2.146 to pay 1 rupee of liability. The study indicates that the MC is strong with respect to availability of current assets.

Table 4.6
Calculation of Current Ratio SBC and MC

Year	SBC			MC		
	Current Assets	Current Liabilities	Ratio	Current Assets	Current Liabilities	Ratio
2066/067	6678356	3890000	1.72:1	587397	234596	2.5:1
2067/068	3366316	2092458	1.6:1	360479	79654	4.25:1
2068/069	3802254	2424011	1.56:1	134560	175158	0.76:1
2069/070	8269470	5464135	1.51:1	1361686	894400	1.52:1
2070/071	9754317	7257142	1.34:1	1230983	859793	1.43:1
Mean (x)			1.546			2.146
S.D. (σ)			0.27			1.31
C.V.			17.46			51.18

Source: Annual Reports of SBC and MC (2066/67-2070/71)

1.3.1.2 Total Liquid Fund to Total Deposit Ratio

Total liquid fund to total deposit ratio indicates the short-term obligation capacity of the demand of the deposit money. Higher ratio shows the highest capacity of payment on demand of the money and vice-versa. (Ap. XVIII)

The table 4.7 shows the ratio between liquid assets and total deposit of SBC and MC. Average ratio of liquid fund to total deposit ratio of SBC and MC is the 23.121 percentage and 42.377 percent respectively. The maximum liquid fund to total deposit ratio of SBC is 38.624 percent and minimum ratio is 11.035 percent in F/Y 068/069 and 069/070 respectively. Whereas maximum liquid fund to total deposit ratio of MC is 76.566 (069/070) and minimum liquid fund ratio is 22.296 percent (066/067) both the co-operative have fluctuating trend of liquid fund to total deposit ratio. SBC is better in fulfilling the demand of the money in earlier years of its during first three year than two years but MC always fulfilling the demand of money in every year. MC have

fulfilled money demand. The C.V. of SBC is significantly greater than MC i.e. $49.779 > 43.341$ percent which implies that average ratio of liquid fund to total deposit of MC is more consistent the SBC.

Table 4.7
Calculation of Liquid Fund to Total Deposit Ratio

Year	SBC			MC		
	Total Liquid Fund	Total Deposit	Ratio%	Total Liquid Fund	Total Deposit	Ratio%
2067/067	507913	290000	17.514	62554	28056	22.296
2067/068	189999	539568	35.213	119134	28556	41.719
2068/069	759220	1965620	38.624	84472	28556	29.581
2069/070	564575	5116038	11.035	635797	830400	76.556
2070/071	754037	5703429	13.22	287293	688574	41.722
Average (\bar{x})			23.121			42.377
S.D. (σ)			11.507			18.637
C.V.			49.779			43.341

Source: Annual Reports of SBC and MC (2066/67-2070/71)

1.3.2 Activity Ratio

Activity ratio is also called assets management ratio. It measures the efficiency of the co-operatives to manage its assets in profitable and satisfactory manner. A co-operative must manage its assets in proper way to get reasonable return under this heading following ratio has been studied.

1.3.2.1 Credit Mobilization Total Deposit Ratio

This ratio reflects extend to which the co-operative are successful in mobilizing their assets as loan and advances for the purpose of income generation. A

higher ratio indicates better mobilization of deposit on loan and advance and vice versa.

Table 4.8

Calculation of Credit to Total Deposit Ratio

Year	SBC			MC		
	Total Loan and Advance	Total Deposit	Ratio%	Total Loan and Advance	Total Deposit	Ratio%
2066/067	1543725	290000	532	10000	28056	35.65
2067/068	3699806	539568	685.69	10500	28556	37.56
2068/069	3231425	1965620	164.39	10500	28556	37.76
2069/070	2271416	5116038	44.40	912143	830400	109.84
2070/071	2854300	5703429	50.04	327254	688574	47.54
Average (\bar{x})			295.30			53.71
S.D. (σ)			264.07			28.37
C.V.			89.42			52.82

Source: Annual Reports of SBC and MC (2066/67-2070/71)

The above table shows the fluctuation in the ratio of credit to total deposit of SBC and MC. The average ratio of credit to total ratio of SBC and MC are 295.30 and 53.71 percent respectively. SBC has highest credit of 685.69 percent in the second year in F/Y 2067/068 and lowest credit ratio is 44.40 percent fourth year of its establishment i.e. in F/Y 20669/070. Whereas the highest credit ratio of MC is 109.84 percent and lowest ratio is 35.64 percent in the first year of its study period. The average of SBC is greater than MCF (295.30>53.71) which indicates that SBC has mobilized more than its deposit in the study period i.e. 295.30 percent and MC has mobilized 53.71 percent in the average. The C.V. of SBC is also more than that of MC. It can be

concluded that the credit to deposit ratio of MC is satisfactorily consistent during the first five year of its study period, (Appendix XIX).

1.3.3 Capital Structure Ratio

It is used to protect deposit and promote the stability and efficiency of financial system. Excess capital decreases the profitability whereas less capital is the symbol of a weak capital structure. So, co-operatives have to maintain the capital as per as the directives given by co-operative board. Following ratios are calculated in this heading.

1.3.3.1 Total Deposit to Total Capital Ratio

Total deposit to capital ratio shows the relationship between deposit and total capital. This ratio measures the proportion of deposit in the total capital,

(Appendix XX).

Table 4.9
Calculation of Total Deposit to Total Capital Ratio

Year	SBC			MC		
	Total Deposit	Total Capital	Ratio%	Total Deposit	Total Capital	Ratio%
2066/067	290000	10524659	27.55	28056	568932	49.31
2067/068	539568	13381136	40.32	28556	976258	29.25
2068/069	1965620	13593600	14.45	28556	770319	37.07
2069/070	5116038	11138564	45.93	830400	1077177	77.09
2070/071	5703429	122849164	46.42	688574	1079177	63.80
Average (\bar{x})			34.934			51.30
S.D. (σ)			12.30			17.40
C.V.			35.21			33.91

Source: Annual Reports of SBC and MC (2066/67-2070/71)

The table 4.9 shows the ratio of total deposit to total capital of SBC and MC. In first year the average ratio of total deposit to total capital of SBC and MC are 34.93 percent and 51.30 percent respectively. Both the co-operative have low proportion of deposit out of their total capital. Average ratio is higher in MC and SBC i.e. $51.30 > 34.93$. SBC has the highest deposit to capital ratio of 46.42 percent in F/Y 2070/071 and lowest 14.45 percent in the F/Y 2068/069 likewise MC has the highest deposit to total capital ratio 77.09 in the F/Y 2069/070 and lowest ratio of 29.25 percent in the F/Y 2067/068.

1.3.3.2 Total Debt to Total Assets Ratio

This ratio is used to analyze long term solvency of a firm. The firm may be interested in knowing the proportion of interest bearing debt in the capital structure with respect to total assets. The debt to total assets ratio can be calculated by using formula, (Appendix XXI).

Total debts indicate current liabilities and long term debt. Similarly, total assets include all the assets of right side of the balance sheet. The debt to assets ratio of SBC and MC is calculated below.

Table 4.10
Calculation of Debt to Total Assets Ratio

Year	SBC			MC		
	Total Debt	Total Assets	Ratio%	Total Debt	Total Assets	Ratio%
2066/067	650000	20386437	3.18	234596	1238825	19.01
2067/068	2092458	18271816	11.45	74659	2225098	3.35
2068/069	5424011	20286290	26.73	170158	2094962	8.12
2069/070	8599137	21831531	39.38	830400	2601911	31.38
2070/071	9785735	26845495	36.45	3698574	5517782	67.03
Average(\bar{x})			22.84			25.78
S.D. (σ)			14.07			22.78
C.V.			61.60			88.35

Source: Annual Reports of SBC and MC (2066/67-2070/71)

The table 4.10 shows the total debt to assets ratio of SBC and MC. MC and SBC's debt to total assets ratio has increased in first four year from F/Y 2066/067 to 2069/070. In last year of the study period i.e. in F/Y 2070/071 it has decreased to 36.45 percent. The average total debt to assets ratio SBC is 22.84 percent. The highest total debt to total assets ratio is 39.38 percent in the F/Y 2069/070 and lowest ratio is 3.18 percent in the F/Y 2066/067. MC has fluctuating debt to assets ratio. The average total debt asset ratio MC is 25.78 percent likewise the highest total debt to total assets ratio is 67.03 percent in the F/Y 2067/068. MC has greater average debt to total asset ratio so it is more risky than SBC and there is chance of earning more profit than SBC. Both the co-operatives have no risk for earning sufficing profit.

1.3.4 Profitable Ratio

Profitability ratio is related to profit. It measures the overall banking operations of the co-operatives in regard to profit. Profitability ratio is determined by the financial institution to find out their profit, which indicates efficiency of the co-operatives. A co-operative can make profit through sound lending policy and the equality of services it. If the profit ratio is high the efficiency of co-operative will be high following profitability ratios are calculated under this heading.

1.3.4.1 Return on Total Working Fund Ratio

Return on total working fund measures the relationship between the working fund and profit of the co-operatives. Hence working fund includes those entire funds which are used for mobilizing to earn profit,(Appendix XXII).

Table 4.11
Return to Total Working Fund

Year	SBC			MC		
	Total Profit	Total working fund	Ratio%	Total Profit	Total working fund	Ratio%
2066/067	441437	2516631	17.54	573729	2811860	20.40
2067/068	343216	5057343	6.78	422104	3001661	14.06
2068/069	382947	8301913	4.61	140076	2007256	6.96
2069/070	291056	6581286	4.42	-325542	2656667	-11.80
2070/071	253955	7254482	3.50	-76998	685284	-11.23
Average (\bar{x})			7.37			3.68
S.D. (σ)			5.19			13.11
C.V.			70.42			356.25

Source: Annual Reports of SBC and MC (2066/67-2070/71)

The above table shows the ratio of return on working fund ratio of SBC and MC. The average ratio of return of working fund ratio of SBC and MC are 7.37 and 3.68 percent respectively, which shows that SBC has higher ratio. The maximum return of SBC is 17.54 percent in the first year of its study period i.e. 2066/067 and minimum return is 3.50 percent in the 5th year 2070/071. Likewise the maximum return of MC is 20.40 percent in its year of in 2066/067 and minimum return ratio is negative -11.80 in 4th period of its in 2068/069. Last two year MC is positive. This study shows SBC has earn more profit than MC. The C.V. of the MC is greater than SBC (356.25>70.42).

1.3.4.2 Net Profit to Loan and Advance Ratio

Net profit to loan and advance ratio measures the earning capacity of co-operatives as its deposit mobilized on loan and advances. Higher the ratio greater will be the return and vice versa, (Appendix XXIII).

Table 4.12
Calculation of Return on Loan and Advance

Year	SBC			MC		
	Net profit	Loan and Advances	Ratio%	Net Profit	Loan and Advances	Ratio%
2066/067	441437	1543725	28.6	573725	100000	57.37
2067/068	343216	3699806	9.27	422104	105000	40.2
2068/069	382947	3231425	11.85	140076	105000	13.34
2069/070	291056	2271416	12.81	-325442	912143	-35.68
2070/071	253955	2854300	8.9	-76998	327254	-23.53
Average (\bar{x})			14.27			10.34
S.D. (σ)			7.31			35.71
C.V.			51.22			345.36

Source: Annual Reports of SBC and MC (2066/67-2070/71)

The above total shows the ratio on loan and advances of SBC and MC. The average ratio of return on loan and advances of SBC is 14.27 percent and that of MC is 10.34 percent. The highest ratio of SBC is 28.6 percent in the year 2066/067 and lowest ratio of 8.9 percent in the year 2070/071. Similarly, the MC has highest ratio 57.37 percent in the year 2066/067 and lowest ratio of -35.68 in the year 2069/070. The C.V. of SBC is higher than MC and the earning net profit level of MC is more consistent in comparison to SBC.

1.3.4.3 Earnings Per Share

Earnings per share measures the percent available to the shareholder's as per basis. Generally higher ratio indicates better condition and vice versa. It can be calculated through the following formulae, (Appendix XXIV).

Table 4.13
Calculation of Earnings per share

Year	SBC			MC		
	Net profit	No. of share	EPS	Net Profit	No. of share	EPS
2066/067	441437	128500	3.43	573725	42550	13.4
2067/068	343216	131850	2.6	422104	72730	5.8
2068/069	382947	133010	2.89	140076	73550	1.91
2069/070	291056	147739	1.97	-325442	74325	-4.38
2070/071	253955	148955	1.70	-76998	74325	-1.03
Average (\bar{x})			2.52			3.4
S.D. (σ)			0.624			6.129
C.V.			24.76			195.19

Source: Annual Reports of SBC and MC (2066/67-2070/71)

The table 4.13 reveals that the earning per share of profit. Earnings per share (EPS) of SBC is in decreasing order EPS. In the first year of its study period in the F/Y 2066/067 EPS was Rs 3.43. The minimum EPS of SBC is Rs 1.70 in the year of its established fifth year i.e. 2070/071. On the other side the MC is also in decreasing order. In the first year of its study period MC's EPS is 13.4 which is maximum and till third year it is positive. In the fourth and fifth year it is negative it means there is no profit. The average EPS of SBC and MC are 2.52 and 3.14 respectively. SBC's EPS is less than MC i.e. $2.52 < 3.14$. In average it shows that MC is earning more than SBC in terms of per share basis

MC has satisfactory EPS than that of SBC but MC has earned negative profit in last two year. It has also shown positive increment in earning per share.

1.3.4.4 Return on Equity

Return on equity ratio express the relationship between net profit and share holder equity it is used to evaluate whether the form making satisfactory return on its equity or not. This ratio indicates the profitability of the owner's investment so higher the ratio, higher will be effecting on mobilization on the owner's equity. The return on equity ratio can be completed using the following formulae,(Appendix XXV).

Table 4.14
Calculation of Return on Total Equity

Year	SBC			MC		
	Profit	Equity	Ratio%	Profit	Equity	Ratio%
2066/067	441437	128500	3.43	573725	42550	13.4
2067/068	343216	131850	2.6	422104	72730	5.8
2068/069	382947	133010	2.89	140076	73550	1.91
2069/070	291056	147739	1.97	-325442	74325	-4.38
2070/071	253955	148955	1.70	-76998	74325	-1.03
Average(\bar{x})			2.52			3.4
S.D. (σ)			0.624			6.129
C.V.			24.76			195.19

Source: Annual Reports of SBC and MC (2066/67-2070/71)

The table 4.14 shows the return on equity of SBC and MC. The SBC has fluctuating return to total equity ratio. The average return to total equity ratio of SBC is 2.52 percent. The highest return to total equity ratio is 3.44 percent in the F/Y 2066/067 and lowest ratio is 1.70 percent in the F/Y 2070/071. Similarly, MC has decreasing return ratio. The average return to total equity ratio is 4.14 which is greater than SBC. Highest return to total equity is 13.4

percent in the F/Y 2066/067. In the first year of its study period and last two year's its return to total equity ratio is negative i.e. 2069/070 and 2069/070. Lowest return to total equity ratio is 4.03 in the F/Y 2069/070. S.D. of SBC and MC are 0.624 and 6.129 respectively. It can be said MC is more consistent than C.V. is 24.76 and 195.19 of SBC and MC respectively which shows that SBC is more uniform and consistent than MC.

1.3.5 Efficiency Ratio

Efficiency ratio is highest on the utilization of its resources mobilizing their funds. Efficiency ratio is shows the institutions viability, reliability, efficiency. It plays an important role in evaluating their efficient. A best efficient under the heading following ratios are analyzed.

1.3.5.1 Operating Cost Ratio

Operating cost ratio is related to total operating cost and average assets. The ratio is higher less utilization of assets for operation or earning lower profit and lower ratio shows the better efficiency of this institution. It is related on low cost maximum satisfaction. Operating cost includes home rent maintenances depreciation, miscellaneous and transport. It can be computed by using following formulae,(Appendix XXVI).

Table 4.15
Calculation of Operating Cost Ratio

Year	SBC			MC		
	Total Operating Cost	Average Assets	Ratio%	Total Operating Cost	Average Assets	Ratio%
2066/067	1105294	15306717	7.22	269258	1161271	23.19
2067/068	1553743	14385011	10.8	487909	2095464	23.28
2068/069	2000015	16295645	12.27	765549	1999984	38.28
2069/070	1408095	13914940	10.12	995582	52219989	19.07
2070/071	1854374	15372435	12.06	11044483	19555641	5.65
Average (\bar{x})			10.49			21.89
S.D. (σ)			1.82			10.43
C.V.			17.35			47.65

Source: Annual Reports of SBC and MC (2066/67-2070/71)

The table 4.15 shows the operating cost ratio of SBC and MC which indicates the efficiency of cost for the operation. The maximum operating cost for the operation. The maximum operating cost of SBC is 12.27 percent in F/Y 2068/069 and minimum ratio is 7.22 percent in the first year of its study period. The average ratio is 10.49 likewise, the maximum operating cost ratio of MC is 38.28 percent and minimum ratio is 5.65 percent in the F/Y 2070/071. The average ratio of MC is 21.89 percent which is greater than SBC. It shows that the average efficiency of the operating. S.D. and C.V. of SBC are 1.82 and 17.35 and MC are 10.43 and 47.65 respectively. C.V. of MC is also greater than SBC i.e. (47.65>17.35) it shows the MC is less consistent and uniform in operation. SBC is more consistent and uniform in operation.

1.3.5.2 Employee to Total Operating Cost Ratio

Employee to total operating cost ratio is related to staff's salary for operating. It is very essential for co-operatives. This ratio shows the cost of staff's salary. Lower ratio shows the better efficiency and vice versa. It can be computed by using the following formulae,(Appendix XXVII).

Table 4.16**Calculation of Employee to Operating Cost Ratio**

Year	SBC			MC		
	Salary	Operating	Ratio%	Salary	Operating	Ratio%
2066/067	238008	1105294	21.53	41238	269258	15.32
2067/068	907739	1553743	58.42	176046	487909	36.08
2068/069	651896	2000015	32.59	223216	765549	29.16
2069/070	580248	1408095	41.21	214600	995582	21.56
2070/071	635754	1854374	34.24	224545	1104483	20.33
Average (\bar{x})			37.61			44.49
S.D. (σ)			12.17			7.30
C.V.			32.36			29.81

Source: Annual Reports of SBC and MC (2066/67-2070/71)

The table 4.16 shows the ratio of employee to operating cost. During the study period the average ratio of SBC is 37.61. The maximum ratio is 58.42 percent and minimum ratio is 21.53 percent. It shows that SBC gives salary 37.61 percent of total cost. Likewise the average ratio of MC is 44.49 percent and maximum ratio is 36.08 percent and minimum ratio is 15.32 percent in the first year of its study period. The ratio of MC is greater than SBC as 44.49 percent > 37.61 percent. It means MC is gives the salary to staffs more than SBC. Likewise C.V. is SBC is 32.36 percent and MC is 29.81 percent.

1.3.5.3 Interest Earn to Total Assets Ratio

This ratio measures the percentage of interest earned in relation to total assets of the co-operatives. The ratio highlights on the utilization of its interest generating purpose. It plays an important role in evaluating their efficiency in terms of interest earning. Such credit and saving co-operative usually earn interest through the provision of loan and advances which is major sources of income for co-operatives. Higher ratio shows the better efficiency in

mobilization of fund and vice versa. It can be computed by using the following formulae,(Appendix XXVIII).

Table 4.17
Calculation of Interest Earned to total Assets Ratio

Year	SBC			MC		
	Interest Earned	Total Assets	Ratio%	Interest Earned	Total Assets	Ratio%
2065/066	33693	20386437	1.65	2550	1233825	2.06
2066/067	31671	18271816	1.73	4400	22225098	1.97
2067/068	383817	20286290	1.89	-	2094962	-
2068/069	871422	21831531	3.99	89123	2601911	3.42
2066/067	54356	27651479	3.45	477932	551782	8.66
2067/068			2.52			3.22
2068/069			0.98			2.93
2069/070			38.89			91
2070/071						

Source: Annual Reports of SBC and MC (2066/67-2070/71)

The table 4.17 shows interest earned to total assets ratio of SBC and MC during the 2066/067 to 2070/071. SBC has average interest earned to total ratio of 2.52 percent. It has highest interest earned to total assets ratio of 3.99 percent in the F/Y 2069/068 and lowest 1.65 percent in the F/Y 2066/067. Similarly, MC has average interest earned to total assets ratio of 3.22 percent it has highest ratio of 8.66 percent in the F/Y 2067/068. Interest earning ratio of MC is better than of SBC because the average ratio of MC is greater than SBC. The C.V. of SBC is smaller than that of MC (38.39<91). So interest earning capacity of SBC more consistent than MC.

1.4 Trend Analysis

Trend analysis is average useful and commonly applied statistical tool to forecast the future events in quantitative terms on the basis of tendencies in the dependent variables in the past period. This analysis takes the historical data as

the basis of forecasting. In this method of forecasting the future of the past events affects the future events significantly,(Appendix VII).

1.4.1 Trend Analysis of Deposit

Deposit includes current, saving, fixed and other deposit. Under this topic an effort has been made to calculate the trend values to total deposit of SBC and MC for last 5 years and forecast for next 5 year till 2074/075.

The table 4.18 (a) and 4.18 (b) show the trend value of SBC and MC. The trends value deposit both co-operatives are increasing trend. The total deposit of SBC is greater than MC. The other things are the same both co-operatives will be accumulation a total deposit of Rs. 13505260.6 and 1806844.4 respectively in the F/Y 2074/075 of SBC and MC.

Table 4.18 (a)
Actual Trend Value

Year	SBC	MC
2066/067	-	-
2067/068	1182598.2	108540.4
2068/069	2722931	320828.4
2069/070	4263263.8	533116.4
2070/071	5803596.6	745404.4

Source: Annual Reports of SBC and MC (2066/67-2070/71)

Table 4.18 (b)
Forecast of Trend Value for Next 5 Years

Year	SBC	MC
2071/072	7373929.4	957692.4
2072/073	8884262.2	1169980.4
2073/074	10424595	1382268.4
2074/075	11964927.8	1594556.4
2075/076	13505260.6	1806844.4

Source: Annual Reports of SBC and MC (2066/67-2070/71)

1.4.2 Trend Analysis of Loan Advances

Loan and advance includes loan and advance distributed to the shareholders of co-operative. Under this topic an effort has been made to calculate the trend value of loan and advance of SBC and MC for five years and forecasted for next five years till 2075/076.

The table 4.19 (a) and 4.19 (b) shows the forecasted trend value of loan and advances of SBC and MC. The trend of loan and advance of both co-operative are in increasing trend. The total loan and advance of SBC is greater than MC. The other things remaining the same both co-operatives will be mobilizing the total loan and advance of Rs 3555066 and 113035 respectively.

Table 4.19 (a)
Actual Trend Value of Loan and Advance

Year	SBC	MC
2066/067	2481582.4	57549.2
2067/068	2600858.4	183714.3
2068/069	2720134.4	309889.4
2069/070	2839410.4	436044.5
2070/071	2958686.4	562209.6

Table 4.19 (b)
Forecast of Trend Value of Next 5 Year

Year	SBC	MC
2071/072	3077962.4	688375.7
2072/073	3197238.4	814540.8
2073/074	3316514.4	840705.9
2074/075	3435790.4	966870
2075/076	3555066.4	1193035.1

Source: Annual Reports of SBC and MC (2066/67-2070/71)

1.5 Conclusion of the study

1.5.1 Deposit Collection and Credit Mobilization

The deposit collection amount of SBC and MC are increasing every year. Both the operative mobilized its deposit on the loan for their. The percentage change of deposit collection of MC is more fluctuating than the percentage change of deposit collection of SBC. Credit mobilization of SBC is decreasing at first in fourth year where as MC increasing trend. Both the co-operatives partially utilized their loan and advance. It can be said that both co-operative are not earning interest at optimum level. But they are invested their loan and advance on the productive sector safely. Both co-operatives are taking less interest toward risky investment.

1.5.2 Statistical Analysis

1.5.2.1 Correlation Coefficient

Correlation coefficient between total deposit and advances has been found negative for SBC. It indicates that increase in deposit will decrease in loan and advances. This study also suggests that independent variable that is loan and advances do not depend on the level of deposit. The value of correlation is less than the 6 P.E. It is significant so, there is no evidence of correlation. On the

other hand, correlation coefficient between total loan and advance of MC has been found highly positive. It indicates that increase in deposit will increase loan and advance. Loan and advances highly depend on the level of deposit.

1.5.2.2 Trend Analysis

The overall trend analysis of both co-operatives shows that deposit and loan and advances will be higher in SBC than MC and growth rate will be higher in MC than SBC. The deposits of both co-operatives are in increasing trend and the total deposit collection of SBC is greater than MC. The SBC will accumulate a total deposit amount of Rs. 13505260.6 only in fiscal year 2074/075, while the MC will accumulate Rs. 1806844.4 only in the fiscal year 2075/076. Loan and advance of both co-operatives are also in increasing trend. SBC has higher volume of credit mobilization. The SBC will extent total loan and advance Rs. 3555066 in the year 2074/075. The overall trend analysis of both co-operatives shows that deposit and credit mobilization are higher in SBC than MC and growth rate is higher in MC than SBC.

1.5.3 Financial Ration Analysis

1.5.3.1 Liquidity Ratio

The average ratio of liquid fund to total deposit of MC is greater than that of SBC which shows that MC has much liquid fund than SBC. The average current ratio of MC is greater than SBC which shows that MC is more reliable for its members, stakeholder and depositor likewise S.D. and C.V. are also greater for SBC. Thus, MC is less uniform and consistent than SBC.

1.5.3.2 Activity Ratio

Credit mobilized to total deposit ratio of SBC and MC are in fluctuating trend. The average credit to total deposit of SBC is greater than MC. In the first five year, SBC has been more successful in mobilizing funds than MC. Likewise,

S.D. and C.V. of SBC are also greater than MC. It shows that less consistent less uniform than MC for mobilizing credit.

1.5.3.3 Capital Structure Ratio

Capital to total deposit ratio reveals that MC has higher ratio than SBC though it fluctuates in total capital. The C.V. of SBC is lower than MC. It shows that the capital maintained by SBC is more consistent.

Total deposit to total assets ratio reveals that SBC is increasing order and MC is in fluctuating trend. Average total debt to total assets ratio SBC is less than MC i.e. 22.84 percent < 25.87 percent. On the other hand, the C.V. of SBC is lower than MC (61.60 < 88.35) which shows that the capital maintains by SBC is more consistent compare to MC. The overall study of that ratio shows that the SBC is in better position than MC.

1.5.3.4 Profitability Ratio

Return on working fund reveals that the average ratio of SBC is higher than the MC. MC has negative ratio. SBC has become able to earn more profit than MC. The C.V. of SBC is less than MC which shows that SBC is more consistent to earn profit than MC. Negative ratio shows the MC unable to earn profit. Net profit on loan and advance reveals fact that SBC is higher the average ratio than MC. It shows SBC is able to earn profit on loan and advance than MC. The S.D. and C.V. of SBC is 7.31 percent and 51.22 percent respectively and MC is 35.71 percent and 34.5 percent respectively.

1.5.3.4 Efficiency Ratio

The average operating cost ratio SBC is less than MC i.e. 10.49 percent < 21.89 percent. The C.V. of MC is greater than SBC which shows that the MC is less consistent for operating institution as compared to the SBC. Employee to operating cost ratio is MC is greater than SBC which shows that MC gives

more salary for staffs than SBC. The C.V. of SBC is greater than MC which shows that the MC is more consistent to give salary for staff than SBC.

1.5.3.5 Growth Ratio

Growth ratio of total deposit of MC is higher than SBC. MC in collecting deposit is better in comparison to SBC. The trend of deposit collection of both co-operatives is in increasing trend. Growth ratio of loan and advance of SBC is higher than MC. Both co-operatives are in increasing trend of credit mobilization. Growth ratio of net profit of SBC is greater than MC. MC is in loss which indicates that performance of SBC is better in comparison to MC.

CHAPTER V

MAJOR FINDING, CONCLUSION AND RECOMMENDATION

5.1 Major Finding

A great majority of the world's population still resides in rural isolation confronted by problem such as poverty, diseases, illiteracy, inadequate resource utilization and such others. Incidence of poverty is higher in rural area as compared to the urban and semi-urban area of Nepal. Therefore, reduction of poverty is the main challenge for the development of Nepal and hence poverty reduction has been the main focused program in the past as well as present national development plan of government. Improving access to financial services especially credit has been commonly viewed as a strong tool to fight poverty. Most of the farmers suffer from the problems of lack of agricultural inputs. For the fulfillment of these inputs they have to depend on the local landlord and capitalists and the poor farmers cannot be free from their exploitation. Because of less income of these poor people they have few saving and less agricultural capital. Due to these reason rise of rural agricultural sector through rural credit is one of the great steps towards the development activities in Nepal.

After the enactment of co-operative act 2048, co-operative society became one of leading sector to finance in rural agricultural sector as it became successful to solve the problems of poor people and farmers to some extent. Co-operative is being popular among the rural farmers and poor people as it is providing financial credit and other social services. Feeling of ownership is one of the main reason due to which they are utilizing different financial credit and other social services.

Co-operative societies are important for economic development of the country. They accumulated the scattered money of small businessman, craftsman and general public and mobilize that to the needy person of lower and middle class people. They eliminate middleman in rural area and help in the capital

formation, co-operatives have their responsibility of providing financial as well as technical assistance to the poor people for generating income. So, co-operatives are taken as device to fill the pit between haves and have not.

Deposit is the major organ of co-operative society for its existence. Like commercial bank co-operatives also collect small saving of people through various accounts and schemes. Higher the deposit higher will be the chance of mobilizing fund in productive sector and generating higher level of profit. Before investing the collected sum the sound investment policy should be made and loan should be approved if there is proper security of loan and income for repay of loan and interest. More risk leads to more profit but in the name of profit loan should not be give to the person where there is high chance of default.

- In the F/Y 2066/067 SBC has deposit of Rs. 290000 and extended loan and advance Rs. 1543725 and made net profit of Rs. 441437. Similarly, MC was able to collect Rs. 28056 deposit and extended as loan and advance of 100000 and was able to make net profit of Rs. 57372 in the F/Y 2066/067.
- According to liquidity ratio the overall liquid ratio of MC is strong than SBC. It can be concluded that MC could discharge depositors' obligation more to repay its short term liability.
- According to activity ratio SBC has mobilized its collected deposits on investment than MC. These ratios reflect how efficiently the co-operatives are managing their resources.
- In capital structure ratio SBC is in better position MC. MC has excess capital which is not good for financial institutions.
- The earning capacity of co-operative is measure by profitably ratio. SBC is more consistent at earning net profit than MC. MC is in loss in last two years of study period.

- Growth ratio of SBC is higher than MC. Karl Pearson's correlation analysis helped to conclude that there is significant relationship between total deposit and loan and advances of both co-operatives.
- Trend analysis of deposit and credit mobilization has analyzed for the trend of deposit of collection and credit mobilization in coming next five year.

5.2 Conclusions

As per objective and analysis of the study following conclusion have been drawn:

- i) In fiscal year 070/71 SBC has collected deposit Rs. 57, 03,429 and extended as loan Rs. 28, 54,300 and made net profit of Rs. 2, 53,955. Similarly MC was able to collect Rs. 6, 98,574 deposits and extended as loan of Rs. 3, 27,254 and was able to make net profit of Rs. (76,998).
- ii) According to deposit to lending Ratio, the average deposit to lending ratio of SBC is 295.3 % and MC is 53.71 %. The average of deposit to lending ratio of SBC is greater than MC which indicates that SBC has mobilized more than its deposit in the study period. The C.V. of SBC is also more than that of MC. It can be concluded that the credit to deposit ratio MC is satisfactory consistent during the first five year of its study period.
- iii) The trend value of deposit of SBC and MC both are increasing trend. The total deposit of SBC is greater than MC. And the trend of loan and advance of both co-operative are in increasing trend. The total loan and advance of SBC is greater than MC.

Trend analysis of deposit and credit mobilization have analyzed the trend value of five years of study period and forecast the trend of deposit collection and credit mobilization in coming next five years.

5.3 Recommendation

On the basis of the finding of this study the following recommendations are made to the Siddi Binayak co-operative ltd. and Malawar co-operative ltd. and authorities in order to overcome the weakness and inefficiency of co-operatives and improve their performance to increase their all financial activities as well as poor farmers developmental activities. Some recommendations are as follows:

5.3.1 Recommendations of Siddi Binayak Co-operative (SBC)

- It is concluded in the study how important the deposit for the co-operatives. SBC is recommended to collect more deposit by initiating members for compulsory deposit through various schemes.
- SBC has increasing loan and advances in every successive year but it is suggested that it should increase the percentage change on loan and advance which helps to earn more profit.
- Co-operatives choose profitable sectors of investment to give return to the members. Small industries and agriculture are the best sectors for co-operatives because other commercial banks are not involving these sectors.
- Investment through microfinance sector has become a crucial part of SBC profit. SO, this sector's investment should be extended. SBC should provide the service like other commercial bank to attract the customers.
- Growth ratio of total loan and advance of SBC lower than that of MC. Hence it is recommended to SBC to increase deposit collection ratio and

mobilization of such deposit in profitable sector. So, SBC should also invest in microfinance sectors for more profit.

- SBC should operate its new branches in rural areas to collect more deposits and provide financial services to the poor people and farmers.
- There must be a dealer of seeds, fertilizer and chemicals in their own area so that farmers can obtain it on time and at reasonable price.
- To generate employment opportunity for local people cottage industry should be established by SBC.

5.3.2 Recommendation of Malawar Co-operatives (MC)

- The co-operatives that are not using computers should use it because as increasing coverage of the program cannot be maintained manually.
- The MC is becoming more popular and effective among people. So, special program need to enhance to cover large areas. It was found that small farmers and poor people were interested to join the program. So, opportunity should be given to those people by expanding converge.
- The deposit collection of MC is in fluctuating order. It is not good sign for co-operative it should attract the deposit by providing reliable service to the customers.
- MC should learn the policy of SBC and should reach to the whole Dang District and to the grass root people providing financial and technical services to the low incoming group of farmers.
- MC should provide remittance counter facility to attract the all the members.
- Prompt and easy service is the sign of good co-operatives. So, MC gives emphasis to such factors to make co-operative of public choice.
- MC should provide training to its staffs about accounting system and banking facility to run the organization smoothly.

REFERENCES

- Acharya Radha Prasad (2003) :*Models of Primary Co-operative Societies form Single tire to Multi tire. An experience from Nepal*,Kathmandu: RUFIN/GTZ of Nepal.
- Agriculture Development Bank (2002):*Small Farmers Development Program: At a Glance Kathmandu*,
- Badal, K. (2061): *Sahakari Shidanta Ra Prayog*,: Kathmandu..
- Cobia, D.W. (1989) *Cooperative in agriculture*, Englewood Cliffs, New Jersey: Prentice Hall.
- Ikandilo, K. (2013): *Sustainability of an employee based saving credit cooperative society, A case study of Dar Es Salaam City Council, (SACCOSs) Tanzania*. American Based Research Journal,
- Zeuli, K.A. &Cropp, R. (1995): *Cooperative principles and practice in 21th century*: United States : University of Wisconsin Extension-Madison.
- Calvart H (1971):*The Law and Principal of Co-operative*,New Delhi:Oxford University Press.
- Abeid , S.K. (2001): *Microfinance*, Emerging Industry.
- Dogarawa, A.B. (2005) *Role of co-operative societies in economic development*, Nigeria: Ahmadu Bello University.
- Swami, H.R. & Gupta, B.P. (2006):*Rural development and cooperative in India*, New Delhi: Indus Velly Publication.
- Thomas, K.C. ,Kineli, M.C. &Ogendo, S.M. (2012): *Effect of saving and cooperative societies strategies on member's saving mobilization in Nairobi*, Kenya: International Journal of Business Commerce.
- Badal, K. (2012): *Importance of cooperative of Nepal*, Retrieved from Spotlight News Magazine.

- Mishra, B. (2012): *Economic implications of cooperative movement in Nepal*, Retrieved from Blog for Agriculture Development.
- Bastola , S.N. (2008) *Purbakisahakarinertri*, Kathmandu: Annapurna Post, June 7, 2008.
- Dahal P.C. (1989):*A Text Book of Co-operative Management*,New Delhi:Kornak Publisher Pvt. Ltd.
- G.F. Ortman and R.P. King (2007):*Agricultural Co-operatives History, Theory and Problems*, Agreknon Vol. 46 no.1: March.
- Malla, R.P. (2014): *Role of cooperative in saving and credit mobilization: A case study of Baba saving and credit cooperative ltd.*TribhuvanUniversity,Kathmandu.
- Bhattra, P.L. (2014): *Role of cooperative in economic development of Nepal: A case study of Shikaribhanjyng saving and credit cooperative ltd*, Tribhuvan University, Kathmandu.
- Gipson James L and Others (1973): *Organization, Structure Processers Behaviour*,Dallas Texas Business Publication.
- Gupta S.C. and Kapoor J.K. (2010):*Fundamental's of Applied Statistics*, New Delhi:Sultal Chandra and Sons Publisher.
- Hajel T.N. (1978):*Principles, Problems and Practices of Co-operation: Third Edition* Shivalal Agrawal and Company Agra.
- James R. Baarda (2007):*Co-operative and Income Tax Principles: University of Arkansas*.
- K.C. FattaBahadur (1999):*Business Organization and Office Management*, Kathmandu:Sukunda Pustak Bhawan.
- Musgrave Richard I. Lewin and David Rubin (1991):*Static for Management*, New Delhi: Prentice Hall of India Pvt. Ltd.
- Shah R.K. (2068):*Research Methodology in Economics*,Kathmandu:EktaPublishors and Distributors.

- Sharma Bhakta Prasad and GM ThirBahadur (2005):*Business Organization and Office Management*,Kathmandu: Buddha Academic Enterprises Pvt. Ltd.
- Silwal D.P. (2000):*A Text Book of Mathematics and Statistics for Economics*,Kathmandu:VidyarthiPustakBhandar.
- KhanalRajshKeshav (1999):*Co-operative Societies and Agricultural Finance in Banke District: A Case Study of Co-operative Society Ltd.* Kohalpur, Master Thesis, M.M. Campus Nepalgunj.
- Sharma G.R. (1995): *A Comparative Study on Financial Performance of Co-operatives with Special Reference to AMCSL and NBCSL*, Master Thesis, Kathmandu: T.U.
- B.K. Man Bahadur (2004):*Financial Performance of Nepalese Co-operative Societies with Reference of District Co-operative Association*, Banepa.
- ShresthaDeepa (2007): *A Comparative Study on Deposit Mobilization of EBL and HBL*, Master Thesis, Kathmandu T.U.
- Sharma Prabesh (2011): *Socio-Economic Impact of Co-operatives on Life Style on their Members: A Case Study of Janahitkari Saving and Credit Society Ltd. Surkhet*, Master Thesis M.M. Campus, Nepalgunj.
- AcharyaBisho Mohan (2010):"*Transparency in Co-operatives Essential for Good Governance'* SahakariSambad: Vol 4 No.2.
- Co-operative Development Board (2056):*SahakariAdhayanmala: Vol 6.*
- National Co-operative Union (2070): *SahakariSandesh Vol. 8.*
- NEFSCUN News-November 2012: Vol. 83, February 2013 Vol.84.
- SahakariKaryalaya (2069 B.C.):*RaptiAnchalkoSahakariGatibidhi Dang.*
- Annual Report of MC 2065 MC 2065-2070.
- Annual Report of SBC 2065-2070.

NRB: *Nepal Rastra Bank in Fifty Year Kathmandu.*

www.nrb.org.np

www.nefnepal.com.np

www.mof.gov.np

www.nepalstockexchange.org.np

www.sahakariboardofnepal.org.np

www.cbs.gov.np

<http://connection.ebscohost.com>

Appendix – I

Percentage Change Ratio

Annual Percentage Change

$$= \frac{\text{Amount of this year} - \text{Amount of last year}}{\text{Amount of last year}} \times 100$$

Appendix – II

Arithmetic Mean

We have,

$$\text{Mean } (\bar{x}) = \frac{\sum X}{N}$$

Where,

$\sum X$ = Sum of all values of the observations

n = Number of observation

X = Values of variables

Appendix-III

Standard Deviation (S.D.)

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\sum (\bar{x} - x)^2}{N}}$$

Where,

\bar{x} = Expected return of the historical data

N = Number of observations

Appendix-IV

Coefficient of Variation (C.V.)

$$C.V. = \frac{\sigma}{\bar{x}} \times 100$$

Where,

σ = Standard deviation

\bar{x} = Mean value of variances

Appendix-V

Coefficient of Correlation (r)

$$r = \frac{N \sum xy - \sum x \sum y}{\sqrt{[N \sum x^2 - (\sum x)^2]} \sqrt{[N \sum y^2 - (\sum y)^2]}}$$

Where,

N = Number of observation

$\sum x$ = Sum of observation in series x

$\sum y$ = Sum of observation in series y

Appendix-VI

Probable Error

$$P.E. = 0.6745 \frac{1 - r^2}{\sqrt{n}}$$

Where,

P.E. (r) = Probable error of correlation coefficient

r = Correlation coefficient

n = Number of observation

Appendix- VII

Trend Analysis

$$Y=a+bx$$

Where,

Y = the dependent variable

a = the region i.e. arithmetic mean

b = the slope coefficient i.e. ratio of change

x = the independent variable

The uses of Trend Analysis can be shown as follows;

1. It enables us to study the past behavior of the phenomenon under consideration i.e., to determine the type and nature of the variations of the data.
2. The suggestion and study of the various components is of paramount importance of a businessman in the panning of future operations and in the formulation of executive and policy decisions.
- 2 It enables of us to predict or estimate or forecast the behavior of the phenomenon in future, which is very essential for business planning.

Appendix- VIII

Growth Ratio of Deposit Collection

$$D_n = D_0(1+g)^{n-1}$$

Where,

D_n = Deposit amount for current period

D_0 = Deposit amount for n period

n = Number of years observed

g = growth rate during the period

Appendix –IX

Calculation for growth ratio of Total Deposit For SBC

$$D_n = D_0 (1+g)^{n-1}$$

$$\text{or, } 5703429 = 290000 (1+g)^{5-1}$$

$$\text{or, } 5703429/290000 = (1+g)^4$$

$$\text{or, } (1+g)^4 = 19.67$$

$$\text{or, } 1+g = (19.67)^{1/4}$$

$$\text{or, } 1+g = 2.11$$

$$\text{or, } g = 1.11$$

$$g = 1.11 \%$$

Similarly for MC,

$$697584 = 28056 (1+g)^{5-1}$$

$$\text{or, } 697584/28056 = (1+g)^4$$

$$\text{or, } 24.9 = (1+g)^4$$

$$\text{or, } 1+g = (24.9)^{1/4}$$

$$\text{or, } 1+g = 2.23$$

$$\text{or, } g = 1.23$$

$$g = 1.23 \%$$

Appendix – X

Calculation for growth ratio of Credit Mobilization For SBC

$$D_n = D_0 (1+g)^{n-1}$$

$$\text{or, } 2854300 = 1543725 (1+g)^{5-1}$$

$$\text{or, } 2854300/1543725 = (1+g)^4$$

$$\text{or, } (1+g)^4 = 1.85$$

$$\text{or, } 1+g = (1.85)^{1/4}$$

$$\text{or, } 1+g = 1.167$$

$$\text{or, } g = 0.167\%$$

$$g = 16.7 \%$$

Similarly for MC,

$$327254 = 100000 (1+g)^{5-1}$$

$$\text{or, } 327254/100000 = (1+g)^4$$

$$\text{or, } 32.73 = (1+g)^4$$

$$\text{or, } 1+g = (32.73)^{1/4}$$

$$\text{or, } 1+g = 1.139$$

$$\text{or, } g = 0.139$$

$$g = 13.9 \%$$

Appendix – XI

Calculation of Correlation Coefficient and Coefficient Determination r^2 of SBC

Total Deposit (X)	Total Loan (Y)	X ²	Y ²	XY
29	154.37	841	23830.09	4476.73
53.96	369.98	2911.68	13885.2	19964.12
196.56	323.14	38635.83	104419.45	63516.4
511.6	227.14	261734.56	51592.57	116204.82
570.34	285.43	325287.71	81470.28	162792.14
ΣX 1361.46	ΣY 1360.06	ΣX^2 398197.59	ΣY^2 398197.59	ΣXY 366953.39

$$\begin{aligned}
 \text{Correlation Coefficient } (r) &= \frac{n \Sigma xy - \Sigma x \Sigma y}{\sqrt{n \Sigma x^2 - (\Sigma x)^2} \sqrt{n \Sigma y^2 - (\Sigma y)^2}} \\
 &= \frac{5 \times 366817.94 - 1361.46 \times 1360.06}{\sqrt{5 \times 629410.78 - (1361.46)^2} \sqrt{5 \times 398197.59 - (1360.06)^2}} \\
 &= \frac{1834089.7 - 1851667.29}{\sqrt{3147053.9 - 1853573.33} \sqrt{199098.95 - 1849763.20}} \\
 &= \frac{-175778.83}{\sqrt{1293480.57} \sqrt{141224.75}} \\
 &= \frac{-1757783.83}{427389.72} \\
 &= 0.41 \\
 r &= -0.412
 \end{aligned}$$

$$\text{Coefficient of determination } (r)^2 = (-0.412)^2$$

$$\text{Probable Error } (PE) = 0.6745 \times \frac{1 - 0.0169}{\sqrt{5}}$$

$$= 0.6745 \times \frac{0.831}{\sqrt{2.24}}$$

$$= \frac{0.560}{\sqrt{2.24}} = 0.25$$

$$6PE = 6 \times 0.25 = 1.5$$

Appendix – XII

Calculation of Correlation Coefficient and Coefficient Determination r^2 of Total Deposit and Loan and Deposit of MC

Total Deposit (X)	Loan and Advance (Y)	X ²	Y ²	XY
28.06	100	786.80	1000	2806
28.56	105	815367	11025	2998.8
28.56	105	815.67	11025	2998.8
830.4	912.14	689564.16	831998.38	757441.06
698.57	327.25	488000.04	107092.56	288607.03
ΣX 1614.15	ΣY 1549.39	ΣX^2 118003.5	ΣY^2 971141.94	ΣXY 1054851.69

$$\begin{aligned}
 \text{Correlation Coefficient } (r) &= \frac{n \Sigma xy - \Sigma x \Sigma y}{\sqrt{n \Sigma x^2 - (\Sigma x)^2} \sqrt{n \Sigma y^2 - (\Sigma y)^2}} \\
 &= \frac{5 \times 1054851.69 - 1614.15 \times 1549.39}{\sqrt{5 \times 118003.5 - (1614.15)^2} \sqrt{5 \times 971141.94 - (1549.39)^2}} \\
 &= \frac{5274258.45 - 2500947.87}{\sqrt{5900067.5 - 2605480.22} \sqrt{4855709.7 - 2400609.37}} \\
 &= \frac{2773310.58}{\sqrt{3294587.28} \sqrt{2455100.33}} \\
 &= \frac{2773310.58}{1815.09 \times 1566.88} \\
 &= 0.97 \\
 r &= 0.97
 \end{aligned}$$

$$\text{Coefficient of determination } (r)^2 = (0.97)^2 = 0.95$$

$$\text{Probable Error } (PE) = 0.6745 \times \frac{1 - r^2}{\sqrt{n}}$$

$$= 0.6745 \times \frac{0.05}{\sqrt{2.24}}$$

$$= \frac{0.560}{\sqrt{2.24}} = 0.015$$

$$6PE = 6 \times 0.015 = 0.090$$

Appendix – XIII

Trend Analysis of Total Deposit of SBC

Year(X)	Deposit (Y)	X	X ²	XY
2065/066	290000	-2	4	-580000
2066/067	539568	-1	1	-539568
2067/068	1965620	0	0	0
2068/069	5116038	1	1	5116038
2069/070	5703429	2	4	11406858
	ΣY 13614655	= ΣX = 0	ΣX ² = 10	ΣXY 15403328

$$\Sigma y = 13614655$$

$$\Sigma xy = 15403328$$

$$a = \frac{\Sigma y}{N} = \frac{13614655}{5} = 2722931$$

$$b = \frac{\Sigma xy}{\Sigma x^2} = \frac{15403328}{10} = 1540332.8$$

Hence, trend line equation:

$$Y = a + bX$$

$$2722931 + 1540332.8 (-2) = -357734.6$$

$$2722931 + 1540332.8 (-1) = -1182598.2$$

$$2722931 + 1540332.8 (0) = 2722931$$

$$2722931 + 1540332.8 (1) = 4263263.8$$

$$2722931 + 1540332.8 (2) = 5803596.6$$

$$2722931 + 1540332.8 (3) = 7343929.4$$

$$2722931 + 1540332.8 (4) = 8884262.2$$

$$2722931 + 1540332.8 (5) = 10424595$$

$$2722931 + 1540332.8 (6) = 11964927.8$$

$$2722931 + 1540332.8 (7) = 13505260.6$$

Appendix – XIV

Trend Analysis of Total Deposit of MC

Year(X)	Deposit (Y)	X	X ²	XY
2065/066	28056	-2	4	-56112
2066/067	28556	-1	1	-28556
2067/068	28556	0	0	0
2068/069	830400	1	1	830400
2069/070	688574	2	4	1377148
	ΣY 1604142	= ΣX = 0	ΣX ² = 10	ΣXY 2122880

$$\Sigma y = 1604142$$

$$\Sigma xy = 21222880$$

$$a = \frac{\Sigma x}{N} = \frac{1604142}{5} = 320828.4$$

$$b = \frac{\Sigma xy}{\Sigma x^2} = \frac{2122880}{10} = 212288$$

Hence, trend line equation:

$$Y = a + bX$$

$$320828.4 + 212288 (-2) = -103747.6$$

$$320828.4 + 212288 (-1) = -108540.4$$

$$320828.4 + 212288 (0) = 320828.4$$

$$320828.4 + 212288 (1) = 533116.4$$

$$320828.4 + 212288 (2) = 745404.4$$

$$320828.4 + 212288 (3) = 957692.4$$

$$320828.4 + 212288 (4) = 116980.4$$

$$320828.4 + 212288 (5) = 1382268.4$$

Appendix – XV

Trend Analysis of Loan Advance of SBC

Year(X)	Loan and Advance (Y)	X	X ²	XY
2065/066	1543725	-2	4	-3087450
2066/067	3699806	-1	1	-3699806
2067/068	3231425	0	0	0
2068/069	2271416	1	1	2271416
2069/070	285300	2	4	5708600
	∑Y = 13600672	∑X = 0	∑X ² = 10	∑XY = 1192760

$$\sum y = 13600672$$

$$\sum xy = 1192760$$

$$a = \frac{\sum y}{N} = \frac{13600672}{5} = 2720134.4$$

$$b = \frac{\sum xy}{\sum x^2} = \frac{1192760}{10} = 119276$$

Hence, trend line equation:

$$Y = a + bX$$

$$272134.4 + 119276 (-2) = 2481582.4$$

$$272134.4 + 119276 (-1) = 2600858.4$$

$$272134.4 + 119276 (0) = 2720134.4$$

$$272134.4 + 119276 (1) = 2839410.4$$

$$272134.4 + 119276 (2) = 2958686.4$$

$$272134.4 + 119276 (3) = 3077962.4$$

$$272134.4 + 119276 (4) = 3197238.4$$

$$272134.4 + 119276 (5) = 3316514.4$$

$$272134.4 + 119276 (6) = 3435790.4$$

$$272134.4 + 119276 (7) = 3555066.4$$

Appendix – XVI

Trend Analysis of Loan Advance of SBC

Year(X)	Loan and Advance (Y)	X	X ²	XY
2065/066	100000	-2	4	-200000
2066/067	105000	-1	1	-105000
2067/068	105000	0	0	0
2068/069	912143	1	1	912143
2069/070	327254	2	4	654508
	$\sum Y = 1549397$	$\sum X = 0$	$\sum X^2 = 10$	$\sum XY = 126165$

$$\sum y = 1549397$$

$$\sum xy = 126165$$

$$a = \frac{\sum y}{N} = \frac{1549397}{5} = 309879.4$$

$$b = \frac{\sum xy}{\sum x^2} = \frac{126165.1}{10} = 12616.51$$

Hence, trend line equation:

$$Y = a + bX$$

$$309879.4 + 12616.51 (-2) = 57549.2$$

$$309879.4 + 12616.51 (-1) = 183714.4$$

$$309879.4 + 12616.51 (0) = 309879.4$$

$$309879.4 + 12616.51 (1) = 436044.5$$

$$309879.4 + 12616.51 (2) = 562209.6$$

$$309879.4 + 12616.51 (3) = 688374.7$$

$$309879.4 + 12616.51 (4) = 814539.8$$

$$309879.4 + 12616.51 (5) = 940704.9$$

$$309879.4 + 12616.51 (6) = 1066870$$

$$309879.4 + 12616.51 (7) = 1193035.1$$

Appendix-XVII

Current Ratio

Current Ratio = current assets/current liability

Appendix-XVIII

Liquid fund to total deposit ratio = total liquid fund / total deposit
Total liquid fund = cash in hand + cash at bank + balance with co-operative board

Appendix- xix

Credit Mobilization Total Deposit Ratio

Credit to total deposit ratio = $\frac{\text{Total loan and advances}}{\text{Total deposit}}$

Appendix-XX

Total deposit to total capital ratio

Total deposit to total capital ratio = $\frac{\text{Total Deposit}}{\text{Total Capital}}$

Total capital = Save capital + Reserve + Surplus + Deposit

Appendix-XXI

Total debt to total assets ratio

Total debt to total assets ratio = $\frac{\text{Total Debt}}{\text{Total Assets}}$

Appendix-XXII

Return on working capital

Return on working capital = $\frac{\text{Net profit}}{\text{Total working fund}}$

Appendix-XXIII

Return to loan and advance

$$\text{Return to loan and advance} = \frac{\text{Net profit}}{\text{Loan and Advance}}$$

Appendix-XXIV

Earnings per share

$$\text{Earnings per share} = \frac{\text{Net profit}}{\text{No. of Share out standing}}$$

Appendix- XXV

Return on equity

$$\text{Return on equity} = \frac{\text{Net profit}}{\text{Share holder's Equity}}$$

Appendix- XXVI

Operating cost ratio

$$\text{Operating cost ratio} = \frac{\text{Total Operating cost}}{\text{Average Assets}} \times 100\%$$

Appendix-XXVII

Employee salary to operating cost ratio

$$\text{Employee salary to operating cost ratio} = \frac{\text{Total Salary for Staffs}}{\text{Total operating cost}}$$

Appendix-XXVIII

Interest earned to total asset ratio

$$\text{Interest earned to total asset ratio} = \frac{\text{Interest earned}}{\text{Total Assets}}$$

Appendix-XXIX

MAJOR EVENTS OF CO-OPERATIVE MOVEMENT IN NEPAL

Year	EVENTS
2010 B.S.	<ul style="list-style-type: none"> • Establishment of co-operative division under the Ministry of Plan Development and Agriculture
2013 B.S.	<ul style="list-style-type: none"> • Issue of executive order for the legal variety of co-operative societies by the government • Government incorporated Bakham Saving and Credit Co-operative Ltd. In Rapti Valley, Chitawan by issuing executing order for its legal validity.
2016 B.S.	<ul style="list-style-type: none"> • Co-operative department transferred under the Ministry of food, Agriculture and Forest and Issue co-operative Acts 2016 B.S.
2018 B.S.	<ul style="list-style-type: none"> • Issue of co-operative Regulation 2018 • First amendment of Co-operative Act 2016 • Establishment of Co-operative Development Fund • Establishment of Sajha Santha Ltd.
2019 B.S.	<ul style="list-style-type: none"> • Establishment of Co-operative Training Center • Establishment of Co-operative Exchange and Loan Association • Issue of Co-operative Bank Act 2018
2020 B.S.	<ul style="list-style-type: none"> • Establishment of Co-operative Bank • Co-operative section and kept under the District Panchayat
2021 B.S.	<ul style="list-style-type: none"> • Being of Agriculture Reorganization Program • Co-operative staffs transferred to Land Reform Program
2023 B.S.	<ul style="list-style-type: none"> • Co-operative Division had been transferred under the ministry of land reform Agriculture and Food
2024 B.S.	<ul style="list-style-type: none"> • Formation of Central Investigation Committee • Co-operative Bank had transferred into Agriculture Development Bank
2026 B.S.	<ul style="list-style-type: none"> • Co-operative Division transferred under the Ministry of Land Reform. • Operation of Co-operative Agriculture Development • At first compulsory saving (Anibarya Bachat) has converted into share of co-operative societies, Bhaktapur. • Co-operative Exchange and Loan Association changed into District Co-operative Association.
2027 B.S.	<ul style="list-style-type: none"> • Second Amendment in Co-operative Act 2016

	<ul style="list-style-type: none"> • Arrangement of Central and District Co-operative improvement Committee • The management of Co-operative Societies has transferred to ADB/N
2028 B.S.	<ul style="list-style-type: none"> • First Amendment in Co-operative Education Program
2029 B.S.	<ul style="list-style-type: none"> • Operational of regular Co-operative regulation 2018.
2030 B.S.	<ul style="list-style-type: none"> • Beginning of Population education through co-operative • Occurrence of central Sajha Development Committee • Second amendment on co-operative Regulation in 2018 • Compulsory saving converted into the share of sajha
2034 B.S.	<ul style="list-style-type: none"> • Fiscal Regulation 2034 issued for the Sajha Society Management
2035 B.S.	<ul style="list-style-type: none"> • Management of Co-operatives transferred to operating Committee from ADB/N • Issue of fiscal and administrative regulation for co-operative
2041 B.S.	<ul style="list-style-type: none"> • Sajha Society Act 2041 was issued.
2043 B.S.	<ul style="list-style-type: none"> • National co-operative seminar conducted • Issue of Sajha Society Regulation 2043
2044 B.S.	<ul style="list-style-type: none"> • Member`s high level central co-ordination committee formed for the effective development of Sajha movement.
2045 B.S.	<ul style="list-style-type: none"> • Announcement to return of compulsory saving to the savers.
2046 B.S.	<ul style="list-style-type: none"> • Formation of adhoc committe for the formation of central Sajha society.
2047 B.S.	<ul style="list-style-type: none"> • Formation of 7 member central co-operative general Association consulting committee and the committee submitted its report.
2048 B.S.	<ul style="list-style-type: none"> • Co-operative Act 2048 issued • District co-ordination committee and co-operative ad-hoc committee formed. • Sajha Development Department transferred into co-operative Department. • Sajha Training center transferred into co-operative Training Center
2050 B.S.	<ul style="list-style-type: none"> • Co-operative Society Regulation 2049 issued • Formation of National Co-operative Federation • Establishment of Central co-operative Federation. • Establishment of Nepal Federation of Saving and Co-operative Union Ltd. • Consumer and saving and credit co-operative societies are established at the large scale all over the country.
2052 B.S.	<ul style="list-style-type: none"> • Formation of high-level committee for co-operative

	improvement and proposal submitted.
2057 B.S.	<ul style="list-style-type: none"> • Conversion of Ministry of Agriculture into the Ministry of Agriculture and Co-operatives. • Formation of the Nation Co-operative Development Advisory Working Team and submission of report. • The first amendment in the section 26 of the Co-operative Act, 1992.
2058 B.S.	<ul style="list-style-type: none"> • Announcement of observance of International Co-operative Day by the Government.
2060 B.S.	<ul style="list-style-type: none"> • Establishment of National Co-operative Bank Ltd.
2061 B.S.	<ul style="list-style-type: none"> • Structure of co-operative Division Changed according to the administrative improvement program. • Nepal Government constituted a high level co-operative sector improvement consultative committee under governorship of the Minister of Agriculture and co-operative submitted its report to the Government of Nepal. • Ministry of Finance constituted to the study the legal framework and institutional development of the saving and credit co-operative and National co-operative Bank. • Government of Nepal announced the policy of GAU-GAUMA SAHAKARI GHAR GHAR MA ROJGARI through it`s budget fiscal year 2061/062.
2062 B.S.	<ul style="list-style-type: none"> • Change of name of District co-operative office into division co-operative office. • Establishment of Regional Level Co-operative Training office combining with division co-operative office in Kalanki, Surkhet, Kaski and Chitawan.
2063 B.S.	<ul style="list-style-type: none"> • Celebration of Co-operative Golden Jubilee 2006/07 throughout the country.
2064 B.S.	<ul style="list-style-type: none"> • Formation the co-operative Regulation, Directive Act, from the cooperative Department.
2065 B.S.	<ul style="list-style-type: none"> • Revised the Co-operatives, Regulation and Monitoring, Criteria.
2067 B.S.	<ul style="list-style-type: none"> • Cooperative institution Regulation, Auditing, Monitoring and Registration Criteria Released.
2069 B.S.	<ul style="list-style-type: none"> • Establishment of Co-operative and Poverty Alleviation Ministry for Development the Co-operative Sector. • Celebration of Co-operative Year.

APPENDIX XXVIII

General Introduction of SBC and MC

Description			Name of Co-operatives	
			SBC	MC
Members of Participation	In the first year	Male	60	22
		Female	15	3
	Now	Male	868	175
		Female	472	205
Staffs		Male	2	1
		Female	3	2
Working Committee 11			11	11
Working Area			Overall District	Duruwa Manpur
Type			Single	Single
Capital	In the first year		12850000	425500
	Now		14895500	7432500