

SAVING AND LOAN MOBILIZATION IN COOPERATIVE

(With Reference to Samuhik Saving and Credit Cooperative Ltd. Bhojpur)

**A Thesis Submitted to
The Central Department of Rural Development,
Tribhuvan University in Partial Fulfillment of the Requirements
for the Degree of Master of Arts (MA)
in
Rural Development**

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December 2016**

LETTER OF RECOMMENDATION

This is to certify that this thesis entitled **Saving and Loan Mobilization in Cooperative: With Reference to Samuhik Saving and Credit Cooperative Ltd. Bhojpur** has been prepared by **Ms Sanuma Rai** under my guidance supervision in a partial fulfillment of the requirements for the degree of Master of Arts in Rural Development.

I, hereby, recommend it for evaluation to the thesis committee.

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APPROVAL LETTER

We certify that this thesis entitled **Saving and Loan Mobilization in Cooperative: With Reference to Samuhik Saving and Credit Cooperative Ltd. Bhojpur** submitted by **Ms Sanuma Rai** to the Central Department of Rural Development, Faculty of Humanities and Social Sciences, Tribhuvan University, in partial fulfillment of the requirements for the Degree of Master of Arts in Rural Development has been found satisfactory in scope and quality. Therefore, we accept this thesis as a part of the said degree.

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ACKNOWLEDGEMENT

I am heartily grateful to my supervisor, Mr. Ratna Mani Nepal Lecturer of the Central Department of Rural Development, Tribhuvan University and, who thoroughly provided valuable guidance, suggestions and comments by motivating me every time to shape the present document in this readable form. I am equally indebted to Pro. Dr Prem Sharma Head of Department, Central Department of Rural Department.

I'm heartily grateful to the Ms. Samjhana Pradhan, Chairperson of this cooperative whose help and suggestion support me to complete this research. Mr. Purna Pradhan Manager, staffs and whole share member of Samuhik Saving and Credit Cooperative Society Ltd. Bhojpur are also thankful for helping me by providing financial reports and information of the cooperative. And I should also extend thanks to my respondents who helped me by giving necessary information about them.

It will be an injustice if I fail to mention indebtedness to my respected sister Ms. Saraswati Rai and all my family members and relatives by whose moral support and care, I was able to complete this work. I am grateful to my friend Ms.Yashoda Pradhan, Ms. Raju Pradhan, Mr.Hari Prasad Dahal and numerous friends for regular inspiration and cooperation to complete the research work.

SANUMA RAI

23rd December, 2016

(2073-09-08)

ABSTRACT

A cooperative is a community based business organization which is owned funded and controlled by its members. The present study has focused on "Saving and Loan Mobilization in Cooperative: with reference to Samuhik Saving and Credit Cooperative Ltd. Bhojpur Municipality Bhojpur. Samuhik Saving and Credit Cooperative society is established in 2063 B.S. for economic and social development of the members.

This study is based on primary and secondary data which is qualitative and quantitative in nature. The total members of this cooperative are 339 in the time of field research and 75 members have been taken loan . Out of 75 members 50 members are taken as sample purposively.

In this study, there are three main objectives, first is to analyze the financial status of cooperative, second is to study the socio-economic background of the members and third is to analyze the role of the Samuhik Saving and Credit Cooperative in the study area.

Share capital and saving are the main sources of capital of this cooperative. Total share capital is Rs.22,58,600 up to this fiscal year 2014/15. It is in increasing trend. There are seven types of saving collected by this cooperative. These are also in increasing trend, up to this fiscal year, Rs. 2,89,54,023 amount is collected as deposit. Credit mobilization is another scheme of the cooperative. There are main seven purposes of loan disbursement which is also in increasing trend. Rs.23,156,508 amount has been mobilized as loan in different purpose.

Almost of the members have been taken loan in income generating activities so their socio economic status have been changing positively. After using loan in income generating activity, their house structure have

been improved, occupation composition also changed which was before joining in this cooperative. Almost of the members have been getting the facilities of drinking water, improved toilet, modern cooking stoves (bio and Lp gas). Members children are sifted to private school from government school due to their payable capacity has been increased.

Finally, S&SSC Cooperative is the main instrument for small business, agricultural production and as well as income generating activities. The role of cooperative in income and employment generation and overall living standards is positive. It changes occupation, education of the family members, and whole living standard of the members. It generates awareness on the people. Thus in short the members are towards satisfactory trend to reduce poverty and empowering their social status but there are still many things to be done.

And considering the solution of the existing problems in this cooperative there is need to come up with better planning and policies for the future. The cooperative should organize some kinds of trainings, such as cooperative education, entrepreneurship development, business plan preparation, crop diversification, sustainable agricultural program etc.

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ABBREVIATIONS/ACRONYMS

BSS	=	Bakhan Sahakari Sanstha
C.V	=	Coefficient of Variance
DOC	=	Department of Cooperative
FY	=	Fiscal Year
GDP	=	Gross Domestic Product
ICA	=	International Cooperative Alliance
ICCA	=	International Cooperative
MFDBs	=	Micro Finance Development Banks
MoF	=	Ministry of Finance
NBCSL	=	Naba Kshitij Cooperative Societies Ltd.
NGOs	=	Non Governmental Organizations
NPC	=	National Planning Commission
NRB	=	Nepal Rastra Banks
S.D	=	Standard Deviation
SMCSL	=	Samajhana Multipurpose Cooperative Societies Ltd.
SS&C	=	Samuhik Saving &Credit
UN	=	United Nation

CHAPTER-ONE

INTRODUCTION

1.1 Background of the Study

Nepal is an economically least developed country in between two big economic powers of Asia, China in the north and India in the east, and south with the open boarder. The common characteristics faces by the developing countries like Nepal are increasing unemployment, absence of resources mobilization, low income level, lack of saving, lack of capital, absence of financial institutions, and lack of financial knowledge and so on. Despite, Nepal aims for self reliant economic growth to accelerate the living standard of people as well as society. Various institutions are established to promote the economic mobilization and provide financial fund like commercial bank, development bank and finance company .Till now they are not able to reach in rural and real areas. In this scenario co-operative has significant role to grow the socio-economic status. It is because co-operatives included the common voice as well as needs (MoF, 2014).

Being the least developed country, Nepal was full of natural resources. So, to utilize these natural resources and accelerate the rapid economic growth, capital formation is essential which is only possible through saving and credit activities of co-operatives. Therefore, co-operatives are the means for uplifting socio-economic conditions of the grass root people (NPC, 2013).

The word co-operative is derived from two different words 'co' and 'operate'. The word 'co' means together and 'operates' means to work so the meaning of co-operatives is working together in the group with common objectives (Oxford, 2007).

A cooperative society is voluntary organization of person with limited means to safe guard their needs and interest. Unity is diversity is main motto of cooperative societies. The philosophy behind cooperative movement is "each for all and all for each". A cooperative is defined by ICA as an autonomous association of persons United voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and controlled the enterprise democratically. It is a business organization owned and operated by a group of individuals for their mutual

benefit. A cooperative may also be defined as a business owned and controlled equally by the people who use its services or who work for it.

Robert Owen first propounded the concept of co-operative in 1843 in Great Britain. The idea of co-operative was brought into light in the beginning of the 19th century. The follower of Owen, Dr. William King' publicized the ideology of co-operative latter on who initiated an education at movement for co-operative development. The reformist Robert Owens ideas and principles have continued to inspire the co-operative movement. These principles are i) Abolition of private profit. ii) voluntary association iii) common ownership of the means of production iv) utilization of wealth of the community for increasing the happiness of mankind etc. (Rai, 2010).

Moreover, there is long history of co-operative in Nepalese society on this time; they were operating as 'Dhikuri, 'Parma' 'Guthi' etc. Department of co-operative is established in 1953 under the ministry of agriculture and planning development Nepal. It was formally started in 1956 with established "Bakhan Sahakari Sanstha" (BSS) on Chitwan district.

The modern co-operative movement initialized from Rapti Valley (Chitwan district) as a part of flood relief and resettlement program. At the first time 13 credit co-operatives societies established in 1956 were provisionally registered under the executive order of the government which got legal recognition after the enactment of co-operative societies act 2016 B.S. The first cooperative society act was revised several times which replaced by the Sajha Society act in 2041 B.S. After the restoration of multiparty democracy the Sajha society act was replaced again by the Co-operative act 2048 B.S (Nepal 2068) . The first formed government after the revolution of 1949/1950 emphasized the co-operative for the sustainable economic development of the country on its annual budget. It has the slogan that "Gaun Gaun ma Sahakari Ghar-Gharma Bhakari" it also shows the needs and importance of the co-operatives in Nepalese economy (Nepal, 2068).

Without developing of industrial sector countries development is not possible. When more enterprise was introduced in the country only the economic recovery will begin. On the basis of Nepalese geographical and economic position there are three, agriculture, hydropower and tourism sectors should emphasized for core competencies. But Nepalese economic capacity is not so high for investing in such a

big hydropower and tourism projects. For this purpose cooperatives should foundations for the collecting and investing such funds from grass root level.

The national planning commission (NPC, 2013) has also given top priority to co-operative which played a significance role on creating self employment in local level and support to promote the micro-enterprise which directly supported people to be employed and improved their income level ultimately it support to the goal of poverty reduction as well as economic growth and nations development.

Large number of banks and financial institutions providing their services in the nation, they are mostly concentrated in urban and semi urban marked centers; and the people lives in the far and remote areas are yet to reach these financial services. Nepal's financial sectors has grown rapidly over the past two decades, the number of financial institution has increased from 1980 to mid January 2014. The number of banks and financial institutions under the central bank's supervisory regime includes class. 'A' commercial bank's 30, Class 'B' development banks 87, class 'C' finance companies 59 and class 'D' microfinance development banks (MFDBs) 35 . Additionally, NRB supervises 31 financial intermediary NGOs (FINGOs) and 16 co-operatives banks. NRB has granted permission to these institutions for limited banking transactions. As of mid July 2013, there are 29,526 Co-operatives operated in Nepal. Out of them 16, 854 are working as saving and credit co-operatives. The co-operatives are registered with the co-operatives act of 1991 (Sickdle, 2014).

1.2 Statement of the Problem

Although, co-operative is one of the alternative best way to eradicate the poverty and to empower the people, there are various institutional constraints and challenges of co-operatives industry to achieve its objective and development goal. The main focus of the co-operative is to improve the sustainable economic condition of the poor by creating employment opportunities and empowerment on revenue mobilization. Converting the labor mind into business mind is difficult task. So, utilization of loan is not easy in the beginning period. If the loan is not utilized in targeted sector, it will become burden for future. Eventually the poor becomes extremely poor or poorest both economically and morally.

The co-operative contributes to national economy and also attracts further foreign investment to these sectors. More than 15% GDP is covered by co-operatives in financial sector and 3 % GDP is contributed in whole economy of Nepal. Now a days, lower income group people are encouraging to involve in co-operatives. The small group should be benefited because co-operative is one of the sources of saving and credit. Through co-operative they can develop their skills, economic status, social status, which improve the economic condition, poverty reduction, reducing unemployment, employment generation and finally empower them economically as well as, socially. So, co-operative is one of the social justice organizations where equal service is provided. Economic development is possible through the co-operative.

In Nepal, there are 32663 different kinds of co-operatives and 5100370 lacks member have been engaged in the co-operative currently in Nepal(see annex IV). These all types of cooperatives are performing different types of activities in society.

In Bhojpur district there are 167 different types of cooperatives(see annex III). Among them this present study specially focused on only one co operative which is Samuhik Saving & Credit co-operative. The following are the research questions related to the study .

- i. What types of saving are collected in the study area ?
- ii. How capital is mobilizing?
- iii. What are the purposes of loan disbursement?
- iv. What kinds of activity are operating by the members?
- v. What are the provisional funds managed by this cooperative?
- vi. Is there a significant role of co-operative to improve the living standard of the member?
- vii. What types of recommendations should be given?

1.3 Objectives of the Study

The main objective of this study is to analyze the saving and Loan mobilization in cooperative in the study area. The following are the specific objectives of this study

1. To analyze the financial status of Samuhik Saving and Credit Cooperative Society.
2. To compare the socio-economic background of the members of Samuhik Saving and Credit Cooperative Society.
3. To analyze the saving and loan mobilisation of Samuhik Saving and Credit Cooperative Society in the study area.

1.4 Significance of the Study

The significance of the study is beneficial not only for the readers like students and researchers but also for the future economic plans and policies in study area. The study would be very useful for entrepreneurs, decision makers, researchers and the managers working in the field of cooperative because it deals with the activities of cooperative in rural remote area special reference of Samuhik Saving and Credit cooperative Society Ltd. Bhojpur.

1. The study is helpful to examine its activities in the remote area to uplift the living standard of shareholders.
2. This study is helpful to the management of respective cooperative to go deep into the matters as why their performance is better than other competitors.
3. This is also helpful to find out the methods to solve the problems of related cooperative.

1.5 Limitations of the Study

There are 167 registered cooperatives in Bhojpur District. Among these 95 (56.89%) cooperatives are established Savings and Credit Cooperative Societies which provide financial services to their members. In addition that there are large numbers of Savings and Credit groups promoted by NGOs and INGOs in the villages which are

helping the poor to pool their savings and offer credit for the various needs of the members. Following are the limitations of the study:

1. As the study is conducted to the fulfillment of the requirement of MA degree, the researcher experienced time limitation.
2. Researcher conducted this study including field work with her own budget. this study is not funded by any agencies.
3. As this study is based on one S.&C. cooperative, mainly Samuhik saving and credit the findings of this study may not be applicable to other saving credit cooperative in Bhojpur as well as throughout Nepal.
4. The financial data of S.S&C. cover FY 2010/011 to 2014/015 .

1.6 Organization of the Study

This research study is divided in to five chapters. These chapters are described below:

Chapter one is related to introduction of the study. It includes the background of the study, statement of the problem, objectives of the study, significance of the study, limitations of the study, organization of the study; Chapter two is related to review of literature .It includes both theoretical and empirical review; chapter three is related to methodology. It includes the topic like research design, source of data, population and sample, method of data analysis, statistical tools; chapter four is related to data presentation and analysis. It describes about the study area and financial status of cooperative activities background of the members and role of S&C in the development of the study area. These data are linked with the objectives and all data are presented in the table form, chapter five is last chapter which includes summary, conclusion and recommendations.

CHAPTER-TWO

REVIEW OF LITERATURE

2.1 Conceptual Review

In general sense cooperation refers to mutual togetherness for mutual benefit in other word cooperation is the act of helping each others.

A cooperative is defined by ICA as an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and controlled the enterprise democratically. It is a business organization owned and operated by a group of individuals for their mutual benefit. A cooperative may also defined as a business owned and controlled equally by the people who use its services or who work for it.

A saving and credit organization is a community based organization that is owned and controlled by its members; cooperative primarily runs on funds generated through member's saving and saving mobilization and credit supply as its main activists. (Cooperative Darpan, 2007).

Cooperative is a business enterprise organized, funded and managed by and for its member patrons, the main purpose the establishment of cooperative is to protect the interest of the people from low and medium level income by providing goods and services when required at fair prices. Similarly, the farmers and procedures can get the equitable prices of their products from the Cooperative, farmers with small plots of land can join joint farming cooperatives and so on. For this the international labour organization has conceptualized the term cooperative as 'An association of persons usually of limited means who voluntarily joined together to achieve a common and through the formation of a democratically controlled business organization, making equitable contribution to the capital required and accepting a fair share of risks and the benefits of the under taking (G.S. Kamat, 1978).

Cooperatives have seven main principles. These principles of cooperatives refer to the guideline to give the concrete form to the norms and values of cooperative organization. In other words cooperative principles are the set of rules and regulation to regulate and govern the activities of cooperative enterprise. In 1963 the

International Cooperative Alliance had reviewed the existing principles. In 1995, Sep., the ICCA General meeting stated the followings as the principles of cooperative.

Voluntary and Open Membership: - Cooperative organization is a voluntary organization. Its membership is open to all. It does not discriminate and show disparity to any person on the basis of caste, sex, religion, beliefs and any other such characteristics. Everybody is free to get in and out in this organization.

Democratic Management: - The control and management of cooperative organization is performed by its members through democratic system. Every member enjoys equal rights in policy making and decision making of the organization and there is system of one-man one vote. Amount of capital does not determine the voting power like in Joint Stock Company.

Economic Participation by Member: - There is legal and equal economic participation of the members in this organization. They possess a common capital. A cooperative organization makes provision for reserve fund, dividend fund, employees bonus fund, cooperative education fund and loss compensation fund. The members of cooperative have opportunities to participate in economic activities. In this way, we find two kinds of economic participation of members in cooperative organization. First is to provide capital to the organization and second to get economic gains from the organization.

Autonomous and Freedom: - Cooperative organization is an autonomous, independent and an organization controlled by its members. There is necessary to make the members acquainted with the basic principle of cooperative education training and information to the members based on cooperative values.

Education Training and Information: - Cooperative launches training to its members, elected representatives and staff members. Cooperative education is necessary to make the members acquainted with the basic principles of cooperative. It should provide cooperative education, training and information to the members based on cooperative values.

Cooperation among Cooperatives: - Cooperative Organizations maintain a sound cooperation among themselves. Local, regional, national and international cooperative organizations work together for the development of cooperative campaign.

Concern to Society: - Cooperative organization directs their plans and policies towards the continuous and long-term development of the society.

2.2 World History of Cooperative

Robert Owen first propounded the concept of cooperative in 1843 in Great Britain. The idea of Cooperative was brought into light in the beginning of the 19th Century. The follower of Owen, Dr. William King, publicized the ideology of cooperative later on who initiated an education at movement for cooperative development. The reformist Robert Owen's ideas and principles have continued to inspire the cooperative movement. These principles are (i) Abolition of private profit. (ii) Voluntary association (iii) Common ownership of the means of production (iv) Utilization of wealth of the community for increasing the happiness of mankind (Hajela, 1994) . Who also mentioned that, Rochdale pioneers' the real fonder of the modern cooperative movement to develop cooperative rules and philosophy. The cooperative society established by Rochdale pioneers has been known as 'The Consumer Cooperative Society'. This was a successful cooperative society, which spread all over Great Britain. This society sold goods only for its members in the beginning but later is started to sell goods to non-members also. In 1844 Rochdale pioneers' formulated the following rules of cooperative, which are still relevant and used in modern cooperatives to some or more extent.

By 1850s, the Rochdale equitable pioneers 'cooperative organization has been enlarged. In 1863, they established first wholesale society. In ten years its volume was so great that it began making its own products. Many new kinds of similar cooperative business emerged. Educational projects were undertaken by, and contributed to the growth of the movement. On this subject Fairbairn claims effectiveness of Rochdale's philosophy and principles were proved by both organizational and commercial successes of Rochdale's philosophy and principles were proved by both Organizational and commercial successes of Rochdale and Rochdale inspired British cooperative movement. Their success involves many aspects such as social aims, membership growth, education, and commercial success. As the Rochdale Movement Spared over Britain it became more focused on retail (Fairbairn. 1994).

The concept of cooperative is so versatile and universal. There is wide range in size and operating practice. However cooperative in different countries have gained a remarkable achievement to show. Agriculture cooperative in Japan are largely responsible for modern rural development. Their total output is recorded as 90 billion US Dollar with 91% membership of all the Japanese farmers. Cooperatives of America are famous for rural electrification. The cooperative movement in Rumania has the best travel and holiday resorts in the country. Cooperative accounts half of the sugar production of India. Iceland is referred to as a cooperative-island due to well develop cooperative system in the branches of economy. The agriculture cooperatives of France have the second largest credit and banking system in the world. (Ghimire & Sharma. 2011)

Cooperatives of Spain are largest manufacture of refrigerators and household appliances. Cooperative of Poland are famous for housing construction and their more than 75% of construction work of a country The UK cooperatives system in Sweden has the largest oil refinery in the country The dairy marketing cooperative of Gujarat (India) operate some of the largest and most modern milk processing plant in the world. In Malaysia the largest insurances system in cooperative. In Italy Workers cooperative are recognized most effective. In Scandinavian countries agriculture cooperatives have by far the largest share of the market. In Canada one third of the population is the members of credit cooperatives. The Canadian cooperatives produce 35% of world maple sugar in the food retailing market of the Europe consumers cooperatives lead the market of several countries headed by Finland and Switzerland. All over the world cooperatives provides 100 million jobs more than 20% of the multinational company. Cooperatives are the best tools of social integration, good sources of self-Employment and generate employment activities. Charles Fourier (1772-1837) in France, Robert Owen in England and Hermann Schulze-Delitzsch in Germany were concentrating on socio economic problems. They can be regarded early important personalities contributing to the cooperative movement in the world (Roy, 1964) After their conceptualizations, attention started to be paid on the voluntary sector, which is neither state based nor market oriented. As a result, it can be argued that cooperatives mostly appear to work within capitalist system, accepting capitalism's most unavoidable features like market mechanism and private property

ownership. Cooperative movement has brought about a new ownership type that is collective or joint ownership. (Badal, 2062)

Rebert Owen was in opposition of his period's facts that workers were denied the full value of their about, hardworking in poverty for the profit of others. Robert Owen was a man having the utopia of creating a society in which everyone behaves in favor of the common interest. His observations on a daily life cooperative were that most of the people were behaving according to community interests. Owen aimed establishment of communities settled on land, consisting of producers of different commodities, owning the means of production in common, and working together to satisfy the collective needs. (Birchall, 1988)

Certainly cooperative of today is not the same with the thought of Robert Owen. However, in the literature there is common sense that the cooperative philosophy was built and began to be institutionalized by Owen and then diffused to countries under influence of the 'Rochdale Equitable Pioneers' cooperative movement (Ozkan, 2009)

2.3 History of Cooperative in Nepal

The concept of working together for mutual benefit was in practice in Nepal from the very beginnings. At that times, the concept of co-operative emerged in the form of PARMA in hilly region, DHIKUR in western part and MANKAKHALA and GUTHI in Kathmandu valley and in some places DHARMA BHAKARI. Dharm Bhakari means a religious store a kind of grain bank in which each family in the village puts aside certain quantities of grain after the end of the harvest season. At the time of scarcity the quantity of grains is distributed on advance to the farmer. Department of Co-operative is established in 2010 B.S. under the Ministry of Agriculture and planning Development Nepal. After Establishment of the Department of cooperative (DOC), the first cooperative is Bakhan credit cooperative society in Chitwan district was established at 2013 B.S.

The modern cooperative movement initiated from Rapti Valley (Chitwan District) as a part of flood relief and resettlement program. At the first time 13 credit cooperative Societies established in 2013 B.S. were legislative provisionally under the executive order of the then government which got legal recognition after the enactment of

cooperative Societies Act 2016 B.S. (1959 AD). The first cooperative Societies Act was revised several times and it was replaced by the Sajha Societies Act in 2041 B.S. (1984 AD). After the restoration of multiparty democracy the Sajha Societies Act was replaced again by the cooperative Act 2048 B.S. (1092 AD) (Nepal, 2068)

In 1956, the first five-year plan (1956-61) was formulated which identified that co-operative movement is developed in healthy and efficient manner, it would progressively abolish excessive indebtedness and contributes significantly in rising the living standard of the member of co-operative societies.

In 1976 the cooperatives were redesigned as Sajha. The cooperative Societies were also subjected to various agencies regarding management and control. In the early seventies they were handed over back to the cooperatives Development that has remained under different ministries.

After the restoration of democracy in the country, in 1990, it traced a new way for new changes in the cooperative movement. Consequently, new cooperative Act was promulgated in 1992 recognizing cooperatives as peoples' organization with an autonomous body. On the basis of this Act a long waited National Cooperative Federation came into existence.

In 2007, Celebration of cooperative golden jubilee 2007/07 throughout the country for whole year. In 2009, Government of Nepal announced the policy "Gaun gaunma sahakari, ghar gharma bhakari." In 2010 United Nation (UN) proclaimed 2012 International Cooperative Year.

The above activities during last 48 years in the history of cooperative movement in Nepal are enough to say that cooperative development passed through many managerial ups and downs causing a high inconsistency. The cooperative movement remained affected by the political changes in the nation that brought the situations among the people not to believe readily the philosophy of cooperative in practice. Moral objectives, social objectives, service to the members, good quality, cheep pricing, reasonable profit, cooperative principle have been the major challenges for cooperative organization in the present context of competitive market.

Without developing of industrial sector, development of the country is not possible. While more enterprises introduced in the country only then the economic recovery was began. On the basis of Nepalese geographical and economic position there are three Agricultural, Hydropower and tourism sectors should emphasized for core competencies? But Nepalese economic capacity is not so high for investment in big hydropower projects. For this purpose co-operatives should foundations for the collecting & investing such funds from grass root level.

2.4 Review of Empirical Study

Before this study, many studies are found that have been carried out by different persons in different times regarding the cooperative societies and their activities some of the significant studies have been reviewed in this study also. This study mainly concerns to the activities of cooperative with special reference to Samuhik Saving and Credit Cooperative Society Ltd. In Bhojpur, nobody has been performed in this topic before. However, some earlier studies related to some extent to this subject are mentioned here under with their findings or conclusions.

Karmacharya (1978) in his thesis word “A Study on Deposit Mobilization of Cooperative” has concluded that cooperative societies play a crucial role in uplifting poor financial condition of rural people. The cooperatives mobilize small saving of the poor people and mobilize that in productive sectors. Cooperatives develop feeling of saving and provide reasonable return to them. Both, who don't have money, get money to perform returnable work and who have money but don't get proper place for deposition get a secured institute.

Pokhrel (1988) in his article "Cooperative movement in Nepal" analyzed the cooperative movement. The study seemed at reviewed the overall situation of cooperative movement in Nepal according to his study the performance of rural population covered by the cooperative societies was nominal in 1956-61AD which went up to almost one forth of the population by the end of 1988 AD. Practically almost all the villages of 30 Terai districts in the country are covered by the Sajha Society. The membership has increased from 8.02 lakhs in 1976-77 AD to about 16 lakhs in 1988 AD. According to that researched study 43% cooperative societies have suffered in loss in 1983/84. Out of total societies in loss 41.2% societies were of Terai

region and 58.8% of Hill areas. The similar position has been noticed in the preceding years. It shows that comparatively Sajhas of hilly region are poorest then that of Terai. The study found some problems faced by the cooperative movement such as; (1) Lack of education training and fund (2) Lack of spontaneity towards cooperation (3) Lack of loyalty (4) absence of loan services (5) Lack of efficient management (6) Political interference (7) Public apathy (8) Lack of goods publicity and good process of loan disbursement in Nepal the financial resources utilization of funds marketing activities reveals that there is a great need for revitalization in order to make the movement strong and stable

Subedi (1991) A study on the accounting information the use and procedure of keeping accounts, its defects and difficulties in Nepalese cooperatives and the study has given some suggestions against such problems.

Subedi has concluded that a huge amount of economic resources has been mobilized through 881 cooperatives. Sources of find in these cooperatives have remained loan from Agriculture Development Bank, Savings and deposits of the member and grants and subsidies from the government. But most of them were not in a position to provide goods and services to the people. Most of them were under the unbearable and almost incapable loans of bank and were looking for the grants from the government. But the government did not come forward for assistance.

Instead of being an effective measure to solving economic problems of the poor in different ways according to themselves are being the burden to the country. Mr. Subedi has 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.

A study conducted by Koirala (1997) on “Development of Nepal through cooperative “ has concluded that Nepal would be self sufficient and not need to depend on foreign loan and if cooperative is developed well . The study has pointed out the problems

being faced by the cooperatives as such (i) Poor management (ii) Incomplete records (iii) Lack of trained personnel (iv) Failure to interact with cooperatives (v) Wrong utilization and wastage of inventories (vi) Lack of technical guidance, He has suggested that due attention should be given by all concerning authorities and a close supervision and constant guidance should be done by the concerned authorities. He has also suggested for diversifying the pattern of cooperative development as well as strengthens the base of structure. He is very hopeful that there will be all- round development of Nepal through cooperatives in near future.

Sharma (1999), has undertaken a study on “A comparative study on the Financial Performance of Cooperatives with reference to Samjhana Multipurpose Cooperative and Naba Kshitij Cooperative Societies Ltd, Kathmandu. He aimed to examine comparative financial position SMCSL and NBCSL by analyzing the financial statements. He has concluded that both the cooperatives’ deposit utilization rate is satisfactory. However, SMCSL utilization rate is increasing over all the years of study period .So it implies that SMCSL is more active in creating investment opportunities and enhancing business activities than NBCSL. The analysis of profitability ratio has clearly shown the profitability of SMCSL is better than that of NBCSL. Due to unstable higher fluctuating trend, occurrences of losses during the initial periods, lower banking transactions, lower deposit collection are the causes of lower financial position of NBCSL .The liquidity position of both the cooperatives seems which they should maintain. The weak aspects of both the cooperatives are higher leverage ratios, lower profitability ratios and high liquidity ratios. Based on findings and conclusions, some suggestions and recommendations have been put by Sharma as (i) saving and credit cooperatives should utilize the deposit effectively (ii) cooperatives should operate their new branches in rural area as rather than urban areas, (iii) the cooperatives should consider more seriously about strengthening their liquidity position, (iv) the cooperatives should make their strategies to compete with banks in the new context of economic liberalization policy adopted by the government, (v) there should be good management information system in the cooperatives,(vi)the management in cooperatives should try to maintain a good relationship between the managerial staff-workers, members of the board and general public and among cooperatives. Finally he has come to a very conclusion that cooperative is only viable means to uplift the socio-economic conditions of majority

people in Nepal. After the restoration of democracy, national cooperative federation consultative committee has been formed and the committee has conducted different studies to have information about an exact situation of the cooperatives in Nepal.

Koirala (2000), in his Thesis titled "Cooperative development In Nepal". He presented the two period of cooperative movement comprising the cooperative movement before 1992 AD & the cooperative movement after new cooperative Act 1992AD.

The cooperative movement as stated above 1992. During this period of nearly 4 decade (1953-1992) people could not understand about cooperation, they perceived the cooperative societies & unions as the government organization. Cooperative society & unions could not render their services to their member's effectively. During this period cooperative societies & union were run as per the direction of the government no of their member. The societies & unions remained as a burden to the country.

The main reason of this was that the cooperative movement in Nepal was emphasized not from the cognitive realization of the country & people but it was imposed by the Government, so the people could not perceive it in true sense of cooperation and cooperatives. Ultimately the enforcement of the government towards the cooperative movement before 1992 could be considered half hearted, and remain dormant an unsuccessful. The new cooperative Act 1992 & regular 1993 replaced the past cooperative Acts & regulations. This Act gave priority to the principles of cooperatives achieved in the number of cooperative society & Union as compared to before 1992 situation. Cooperative now have been generated by peoples initiation as their own organization in different sectors, Multipurpose, Dairy, Saving & Credit, Transportation, Housing, Woman Empowerment, Tourism, Insurance, auditing, Training & research, community Development etc.

Bastola (2008), has written in his article, "Purbaki Sahakari Netri" cooperatives not only generate income to its member but also taken overall responsibility of them. In Nepal multipurpose cooperative 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 at reasonable rate.

Besides this, cooperative 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-oriented training is also given to rural women. Thus cooperative organizations are bringing revolutionary change to the life of rural woman.

Achyara (2007) has mentioned in his article, "Transparency in cooperatives: Essential for good governance." Cooperatives are crucial to the economically poor and exploited people. In our country more than 80% people live in rural area, which do not have proper and reliable source of income. In such country cooperative is the means to motivate the people to work together for their common benefit. It encourages the people for compulsory saving and takes the responsibility of mobilizing that small saving in productive field. It develops feeling of coordination mutual help for self-help and aids to increase national GDP, per capita income and ultimately support for national development.

CHAPTER-THREE

RESEARCH METHODOLOGY

Research is a systematic method of finding out solution to a problem whereas research methodology refers to the various sequential steps to adopt by researcher in studying a problem with certain objective in view. This chapter presents the short outline of the methods applied in the process of analyzing the data.

3.1 Research Design

This study is based on primary and secondary data of the S.S&C cooperative society ltd. and the approach of this study is analytical and descriptive. This study analyzed the financial status of cooperative and its role in development of the study area. The financial and statistical tools are used to analyze the data. The descriptive design is applied in order to explain the obtained qualitative data as well as findings of the analysis.

3.2 Universe, Population, Sample and Sampling of the S.S&C.

The universe of the study is 339 share holders in the time of the fieldwork (Samuhik, 2015) . It was found that only 75 members had been taken loan from this S.S&C therefore 75 members are taken as population and out of them only 50 (66.67%) members are taken as sample. Purposive sampling technique is applied to take the respondents in this study to collect data. All 50 members have taken loan in different purposes so according to their loan purpose the sampling has taken which is shown in the following table.

Table 3.1: Sampling Structure of the Study Area

Purpose of Loan	No. Shareholders
Business	18
Domestic	2
Educational/Health	3
Property purchase	7
Fruit/Vegetable farming	8
Tailoring	5
Hotel	7
Total	50

Source: Field Survey , 2015

According to above table 3.1, among 50 respondents, 18 members are selected who had taken loan for business motive, 2 persons are selected who had taken loan for domestic purpose and similarly, 3 are chosen from educational/health, 7 are chosen from property purchase, 8 members are taken from fruits and vegetables farming purpose, 5 members from tailoring and 7 members are chosen from hotel purpose.

3.3 Nature and Source of Data

The nature of the data is both qualitative and quantitative. This study based on the Primary and secondary data . Primary data are collected from the visit of the concerned cooperative and shareholder, conversation with the manager, and the observation of concerned the shareholders, telephonic inquirers, personal visit, inquires by e-mail etc. The major sources of secondary data are collected from brochure of concerned cooperative, published reports from department of the cooperative, economic surveys, and websites of concerned cooperative.

3.4 Data collection techniques and tools

3.4.1 Household survey

A questionnaire is prepared with close and open structure for the information collection of study area. Socio-economic information with different variables is included in questions. The respondents were interviewed directly and personally according to questionnaire. The format of the questionnaire is given in the annex I.

3.4.2 Field Observation

Direct observation was applied in order to get additional information of the activities of co-operative members for the study. Physical aspect as like drinking water, toilet, house structure, business of the members etc. are observed in the field area of S.S&C.

3.4.3 Key Informants Interview

The data were also collected from key informants interview. The interviews have been taken from chair person, vice-chair person and manager of this cooperative. The key informants' were interviewed by making open questions which are mentioned in check list shown annex II.

3.5 Method of Data Analysis

The collected data were reviewed at first. After than, these data were classified according to their nature as like qualitative and quantitative. And then put these in table by using computer. Finally, put under statistical analysis of the various statistical measures, growth ratio analysis, correlation, percentage, frequencies are applied.

CHAPTER-FOUR

DATA PRESENTATION AND ANALYSIS

This chapter includes the analysis and result of gathered data in order to analysis financial status of SS&C, to study the socio-economic background of the SS&C members and to analysis the role of SS&C in the development of the study area.

4.1 General Introduction of Samuhik S&C Cooperative Society Ltd. Bhojpur

Samuhik Saving and Credit Cooperative Society (SS&C) is established in 2063 B.S. according to cooperative Act 2048 B.S (1992 A.D). SS&C cooperative established for the economic development of small farmer. Cooperative helps to those people who have no enough money to invest. There are 339 shareholders are involved in cooperative. The cooperative is working in economic activities. So the total transaction amount of cooperative is 2.50 corers. There are 7 board members are in board and five staffs are working in the cooperative. The cooperative accepting to depositors monthly, weekly, daily, fixed , current savings and providing loan to the members for business, health and education, agriculture, industry and others purposes.

4.2 Financial Analysis Samuhik S&C Cooperative Society Ltd. Bhojpur

In this section, analyzed the financial position of the cooperative based on the secondary data. Which is collected from annual audit reports and others financial published and unpublished reports of concern cooperative.

4.2.1 Share Capital, Deposit Collection and Loan Disbursement of the Cooperative

Most important functions of the cooperative are deposit collection and loan disbursement. Small money of the members is collected as deposit and provide loan to members. The deposit collector and loan borrower can get benefit from joining the cooperative. Members can utilize the larger amount of deposit which they had saved small amount. As well members can invest in income generating activities by taking loan from the cooperative. The following table shows the Share Capital, Deposit Collection and Loan Disbursement of the Cooperative

Table 4.1: Share Capital, Deposit Collection and Loan Disbursement of the Cooperative

Fiscal Year	Share (Rs.)	saving (Rs.)	Loan (Rs.)
2010/011	207,600	1,862,525	3184827
2011/012	350,000	3,281,187	5217359
2012/013	473,800	5,942,960	4608885
2013/014	567,600	8,027,309	5363613
2014/015	659,600	9,840,042	4781824
Total	2258600	28954024	23156508

Source: Annual Financial Report of SS & C, 2010 - 2015 AD

The table 4.1 represents share capital, saving and loan column for the fiscal year 2010/011, 2011/012, 2012/013, 2013/014 and 2014/015.

Share Capital: share capital is in increasing trend in each study period i.e 2010/011 to 2014/015. The cooperative has total capital Rs. 2258600, it means the cooperative has satisfactory growth rate share of capital. It consist that, SS&C society is meeting target to increase new share holders. New shareholders are empowered to joint with cooperatives. The share capital of cooperative in 2010/011, 2011/012, 2012/013,

2013/014 and 2014/015 fiscal year are Rs. 207600, Rs. 350000, Rs. 473800, Rs. 567600 and Rs. 659600 respectively. New share holders can join by paying minimum 10 number of share at the Rs.100 each.

Saving (deposit) Collection: Saving (deposit) collection of each fiscal year is increasing. The average deposit collection is Rs. 5,790,805, standard deviation (S.D) is Rs. 3284470 and coefficient of variance (C.V) is 0.57 of the study period. The saving (Deposit) are in 5 fiscal year 2010/011, 2011/012, 2012/013, 2013/014 and 2014/015 are Rs. 1862525, Rs. 3281187, Rs 5942960, Rs 8027309 and Rs. 9840042 respectively. The deposit collection has been increased around five times which indicates the satisfactory growth of cooperatives. Total saving of 5 years is Rs. 28954023. Share holders can save their money monthly, daily basis in current and fixed deposit. In saving account the non-member are also allowed to deposit by opening their account in the cooperative. This type of saving is strength of the cooperative should be encouraged to achieve the objective.

Loan: Important schemes of cooperative are credit mobilization. Credit mobilization of cooperatives is less than deposit collection as initial year. The average of credit mobilization is Rs. 4631308. The credit mobilization of cooperative in 5 fiscal year i.e 2010/011, 2011/012, 2012/013, 2013/014 and 2014/015 are Rs. 3184827, Rs 5217389, Rs. 4608885, Rs. 5363613 and Rs. 4781824 respectively. The standard deviation of credit mobilization is Rs. 4,631,308 and coefficient variance of credit mobilization is 0.19 of the study period. Total credit mobilization till now is Rs. 23,156,538. Member can take credit in different purposes. Difference purposes have difference scheme of loan installment and interest rate too.

The Samuhik Saving and Credit Cooperative Society Ltd, Bhojpur has strong financial status in aggregate. The share capital is in increasing trend and Economic empowerment also increasing C.V. of deposit collection is 0.57 and C.V of loan disbursement is 0.19. The C.V. of deposit collection is higher than loan disbursement (.57>.19). Lower C.V is more preferable for the cooperative. So the loan disbursement is less risky than deposit collection. Loan disbursement is favorable according to C.V analysis or indicates that the result is satisfactory.

4.2.2 Annual Percentage Change of Deposit Collection and Loan Disbursement

Annual percentage change of deposit and credit mobilization shows that how the cooperatives are mobilizing its saving or the lending status of cooperatives. Five FY annual percentage change of cooperative is presented be

Table 4.2: Annual percentage Change of Deposit Collection and Loan Disbursement

Fiscal Year	Deposit Collection	Loan Disbursement	Percentage Changed in Deposit	Percentage Changed in Loan
2010/011	1,862,525	3,184,827	0.00	0.00
2011/012	3,281,187	5,217,359	76.17	63.82
2012/013	5,942,960	4,608,885	81.12	-11.66
2013/014	8,027,309	5,363,613	35.07	16.38
2014/015	9,840,042	4,781,824	22.58	-10.85
Total	28,954,023	23,156,508		

Source: Annual Financial Report of SS & C, 2010-2015 AD

Table 4.2 shows that the deposit collection of SS & C society Ltd. is in increasing trend. The total deposits collection is Rs. 28,954,023 and total loan disbursement is Rs. 23,156,508. The total deposits collection is Rs. 28,954,023. The total deposits collection in fiscal year 2010/011, 2011/012, 2012/013, 2013/014 and 2014/015 is Rs. 1862525, Rs. 3,281,187, Rs. 5942960, Rs. 8027309 and 9840042 respectively. The maximum amount of the deposit collection is Rs. 9,840,042 in the last year. Whereas the minimum amount is Rs.1,862,525 in the initial year. The annual percentage change shows the percentage increase or decrease in every successive year the minimum increment in deposit collection is 22.58% in the fiscal year 2010/011 and

maximum increment in deposit collection is 81.12% in the fiscal year 2012/013.

The total loan disbursement in the fiscal year 2010/011, 2011/012, 2012/013, 2013/014 and 2014/015 were Rs. 3184827, Rs. 5217359, Rs. 4608885, Rs. 5363613 and 4781824 respectively. The maximum amount of the loan disbursement is Rs. 5,363,613 of the FY 2013/014 whereas the minimum amount of loan disbursement is Rs. 3,184,827 in the initial year. The maximum annual percentage change in loan disbursement is 63.82% in FY 2010/011. The total loan disbursement of cooperative is in decreasing order in third and fifth fiscal year of study period i.e. in 2012/013 and 2014/015 the percentage change is (11.66%) and (10.85%) respectively. but second and fourth year the loans disbursement is increased in the fiscal year 2011/012 and 2013/014 that are 63.82% and 16.38% respectively. Comparatively, total deposit collection is a head in collecting high amount. The deposits collection in every successive year is in decreasing trend and loan disbursement is also diminishing in the third and fifth years. The maximum annual percentage change of Total deposit collection and total loan disbursement is 81.12% and 63.82% respectively.

4.2.3 Saving (deposit) Collection Fiscal Year 2010/011 to 2014/015

The main objectives of a cooperative is to safe guard the small saving of people and mobilizing it in productive sectors. The following table shows the situation of cooperatives in relation with deposit collection.

Table 4.3: Saving (deposit) Collection Fiscal Year 2010/011 to 2014/015

Year	Saving (Deposit)							Total
	Monthly	Daily	Salary	Current	Fixed	Hatiya	Khutruke	
2010/011	73,700	224,975	1,238,776	325,074	NA	NA	NA	1,862,525
2011/012	97,500	525,892	1,554,200	745,000	358,595	NA	NA	3,281,187
2012/013	205,000	1,576,870	1,645,230	1,050,000	545,000	350,000	570,860	5,942,960
2013/014	360,000	2,245,213	1,789,540	1,554,365	945,000	435,000	698,191	8,027,309
2014/015	540,100	3,054,200	2,015,000	1,954,465	1,110,927	450,000	715,350	9,840,042
Total	1,276,300	7,627,150	8,242,746	5,628,904	2,959,522	1,235,000	1,984,401	
Mean	255,260	1,525,430	1,648,549	1,125,781	591,904	247,000	396,880	
S.D	195245	1177724	287659	644645	447506	228681	366575	
C.V	0.76	0.77	0.17	0.57	0.76	0.93	0.92	

Source: Annual Financial Report of SS & C, 2010- 2015 AD.

The table 4.3 presents the total deposits collection in different purposes. The members can save their money by opening saving account in the cooperative. Maximum amount of deposit collection is in salary account i.e, Rs. 8242746. Second and third larger amount is Rs. 7627150 and 5628704 in daily saving and current account respectively. After that the deposit is in fixed, Hatiya and khutruke have also Rs. 2959522, Rs. 1235000 and Rs. 1984401 respectively. The deposits are in increasing trend of all deposits.

Define by the statistical tools, that the larger average amount of salary is Rs. 1648549. Minimum average amount of the deposit is Hatiya saving i.e Rs. 247000 and Rs. 396880 respectively. Hatiya and Khutruke saving are established only from FY 2012/013. So these accounts have small amount of saving. These accounts are also growing rapidly in increasing order. According to C.V. analysis maximum C.V. ratio is 0.93 and minimum C.V. ratio is 0.17 of salary Hatiya saving account and salary saving account respectively. Lower value of C.V. is more preferable for the cooperative so that the salary saving account have more satisfactory than others saving.

4.2.4 Net Saving (deposit) Collection

Deposit collection is major function of the cooperative. Annual deposit collection would be refunded to the depositors. Remaining deposit is called net deposit collection. Net deposit collection is the investable fund for the cooperative. The net deposit collection and annual refunded percentage of the cooperative in five FY is given below.

Table 4.4: Net Saving (deposit) Collection of SS & C Cooperative Bhojpur Ltd.

Fiscal Year	Saving Collection	Saving Refund	Net Saving	Percentage of Refund of Deposit
2010/011	1,862,525	244139	1,618386	13.11
2011/012	3,281,187	1517439	1763748	46.25
2012/013	5,942,960	5043255	899705	84.86
2013/014	8,027,309	7358480	668829	91.67
2014/015	9,840,042	9115314	724728	92.63

Source: Annual Financial Report of SS & C, 2010- 2015 AD.

The table 4.4 shows that, the refunding percentage is in increasing trend. Net saving of first fiscal year is 1618386 that percentage of refund is 13.11%. Similarly, net saving of second year (FY 2011/012) is Rs. 1763751 respective. Refunding ratio is 46.25%, we can analyze that least change of net saving becomes more than three times changed in ratio i.e. 46.25%. That means net saving is increased and refunding ratio is also increased. The refunding ratio is great high. In two FY (2012/013 and 2013/014) decreased the in net saving by Rs. 899705 and Rs. 668829 respective but refunding ratio increased by ratio are 84.86% and 91.67%. It means the depositors won't keep saving long time in the cooperative. The maximum ratio is 92.63% in last year i.e 2014/015 its net saving is Rs. 724728. In this fiscal year net saving is increased also increased in refunding ratio is 92.63%. That means the depositors withdrew their saving nearly 100% that is not favorable for the cooperative. Society has to increase

the net saving and should be invested in income generation sectors. The socio economic status has improved the policies in through co-operative. So, the economic empowerment will be increased and can invest in productive sectors.

4.2.5 Net Loan Disbursement

Loan disbursement is another major function of the cooperative. Annual loan disbursement would be recovered by the borrowers. Remaining loan disbursement is called net loan disbursement. Net loan disbursement should be the appropriate for the cooperative. The net loan disbursement and percentage of loan recovery of the cooperative in five FY is presented below.

Table 4.5: Net Loan Disbursement of SS& C Ltd.

Fiscal Year	Loan disbursement	Refund Loan	Net Loan to Recover	Percentage Recover
2010/011	3,184,827	1,206,807	1,978,020	37.89
2011/012	5,217,359	3,193,680	2,023,679	61.21
2012/013	4,608,885	3,649,698	959,187	79.19
2013/014	5,363,613	4,289,045	1,074,568	79.97
2010/015	4,781,824	3,883,086	898,738	81.21

Source: Annual Financial Report of SS & C, 2010- 2015 AD

The table 4.5. shows the net loan disbursement of the cooperative. The loan is recovered in their maturity period. The loan recovery ratios are in fiscal year 2010/011, 2011/012, 2012/013, 2013/014 and 2014/015, 37.89%, 61.21%, 79.19%, 79.97% and 81.21% respectively. Total loan disbursement in fiscal year 2010/011 is Rs. 3184827 which is recovered in same FY Rs. 1206807 (net Rs. 1978020) that is 37.89%. This ratio is little less than other years. It also affects the installment term and maturity period of loan. Most of the loans are provided short term loan, but some loan are provided loan term loan too. So, 37.89% recovery ratio is not mostly bad. Maximum loan recovery ratio is

81.21% in last fiscal year that means loan recovery system of cooperative is satisfactory. The loan recovery ratios in last three year are 79.19%, 79.97% and 81.21% and respective FY 2012/013, 2013/014 and 2014/015 respectively. The cooperative have not bad in FY 2011/012 also recovery ratio is 61.21%.

The cooperative have been improved to loan recovery system, rules and regulation as well policies. Society's level of loan disbursement amount is increasing but in decreasing rate. Internal activities should be reviewed by the society. So level of bad debt is can be minimized. Following graph shows the clear status of loan disbursement ratio of SS&C society ltd. Bhojpur.

4.2.6 Interest Earning

Major source of cooperative is interest earning. The cooperative is collect deposits from depositors and disburse loan to members. Interest is earned from loan disbursement. On the other hand, interest is paid to depositors. Net interest earning should be positive. Interest earning ratio should be high. Annual interest earning ratio is calculated be

Table 4.6: Table of Interest Earning

Fiscal Year	Interest From Loan disbursement (RS)	Interest paid in Deposit (RS)	Net Interest Income (RS)	Earnings Ratio (%)
2010/011	54,242	19,114	35,128	3.86
2011/012	196,109	159,318	36,792	4.04
2012/013	382,921	287,529	95,392	10.48
2013/014	646,724	348,712	298,012	32.75
2014/015	858,015	413,430	444,585	48.86
Total	2,138,011	1,228,103	909,909	100.00

Source: Annual Financial Report of SS & C,2010- 2015

Table 4.6 reveals the interest earning ratio of the cooperative. The net interest incomes are Rs. 35128, Rs. 36792, Rs. 95392, Rs. 295012 and Rs. 444585 in next five year. And interest earning ratios are 3.86%, 4.04% 10.48%, 32.75%

and 48.86% respectively. Interest earning ratio is rapidly growing in each FY. It means that the interest earning ratio of the cooperative is got stronger. The combination of paying interest in deposit and earning interest in loan is better. The highest ratio is 48.86% in the FY 2010/011 and lowest ratio is 3.68% in the FY 2014/015. It can be concluded that the interest earning ratio is satisfactory consistent during the study period.

4.2.7 Loan Disbursement in Fiscal Year 2010/011 to 2014/015

Cooperatives are not only mobilizing the deposits but are also supporting the members by providing loans for different purposes. Loan disbursement is another major function of the cooperative. The members are take loan by joining the cooperative. Annual loan disbursement would be recovered by the borrowers. Installation period and interest rate is separate in different purposes. Net loan disbursement should be the appropriate for the cooperative. The total loan disbursement, mean, standard deviation and C.V. of the cooperative in five YF are presented below.

Table 4.7 Loan Disbursement in Fiscal Year 2010/011 to 2014/015

Loan Topics	Fiscal Year					Total	Mean	Stand. Dev	C.V
	2010/011	2011/012	2012/013	2013/014	2014/015				
Business	2,456,827	4,249,259	2,600,000	2,788,613	2,206,824	14,301,523	2,860,305	804973	0.28
Agriculture	265,000	358,600	545,000	750,000	650,000	2,568,600	513,720	200813	0.39
Property	-	-	500,000	600,000	650,000	1,750,000	350,000	324037	0.93
Livestock	158,000	204,500	350,000	350,000	400,000	1,462,500	292,500	104884	0.36
Fruit/veg.	200,000	250,000	313,885	300,000	300,000	1,363,885	272,777	47401	0.17
Domestic Purpose	55,000	105,000	200,000	360,000	360,000	1,080,000	216,000	141395	0.65
Education & Health	50,000	50,000	100,000	215,000	215,000	630,000	126,000	83771	0.66
Accidental & dissertation	NA	NA	NA	NA	NA	NA	NA	0	-
Industry	NA	NA	NA	NA	NA	NA	NA	0	-
Total	3,184,827	5,217,359	4,608,885	5,363,613	4,781,824				

Source: Annual Financial Report of SS & C, 2010- 2015

The table 4.7 reveals that the loan disbursement in different purposes of cooperative. Maximum average loan disbursement of cooperative is Rs. 2060305 in business sector. Then minimum average amount of loan disbursement is Rs. 126000 in education/health sector there is zero disbursement of loan in accident/dissertation and industrial sector. Same way maximum amount of standard deviation is Rs. 804973 in business and minimum amount is Rs. 47401 in Fruit/vegetable farming. Higher C.V. is 0.93 in property purchase and lower C.V. is 0.17 in fruit/vegetable farming. Minimum amount of standard deviation is more preferable for the cooperative which is Rs. 47401 in Fruit/vegetable farming. Which means the cooperative is smoothly operating the loan department. Similarly least coefficient variance (C.V) is more preferable for cooperative is 0.17 in property purchase. The cooperative is providing loan in different purposes to shareholders. Most of the loan is providing by cooperative is in business sector which is Rs. 14301523.

4.2.8 Interest Expenses

Interest is paid to the depositors. The depositors can save their money in different schemes i.e. monthly, daily, salary, current, fixed, hatiya, khutruke. The cooperative provides interest in daily basis in. 6% to 10% interest rate is provides by the cooperative in different saving schemes. Annual interest expenses in different schemes and mean, standard deviation C.V of five FY are calculated below.

Table 4.8: Annual Interest Expenses in Different Schemes

Year	Saving (Deposit)							Total
	Monthly	Daily	Salary	Current	Fixed	Hatiya	Khutruke	
2010/011	1,589	5,640	8,321	3,564	NA	NA	NA	19,114
2011/012	5,962	48,636	60,604	8,256	35,860	NA	NA	159,318
2012/013	16,118	91,943	62,444	15,754	45,150	20,520	35,600	287,529
2013/014	21,500	105,400	78,542	23,150	48,210	25,400	46,510	348,712
2014/015	31,200	115,400	94,850	29,840	57,450	29,840	54,850	413,430
Total	76,369	367,019	304,761	80,564	186,670	75,760	136,960	
Mean	15,274	73,404	60,952	16,113	37,334	15,152	27,392	
S.D	11907	45652	32522	10692	22249	14219	25920	
C.V	0.78	0.62	0.53	0.66	0.60	0.94	0.95	

Source: Annual Financial Report of SS & C,2010-,2015

The table 4.8 shows that the interest expenses paid on deposit. The cooperative is collected the deposit in different schemes. Interest rates are also separately in different type of saving as well refunding system too. Interest paid by the cooperative in these saving accounts are Monthly, Daily, Salary, Current, Fixed, Hatiya and Khutruke average amount is Rs. 15,274, Rs. 73,404, Rs. 60,952, Rs. 16,113, Rs. 37,334, Rs. 15,152 and Rs. 27,392 in next five year. The standard deviations are Rs. 11907, Rs. 45652, Rs. 32522, Rs. 10692, Rs. 22249, Rs. 14219 and 25920 and C.Vs of interest expenses are 0.78, 0.62, 0.53, 0.66, 0.60, 0.94 and 0.95 in next five year respectively. The maximum coefficient of variance (CV) interest expenses is 0.95 of Khutruke saving and minimum C.V of interest expenses is 0.53 of salary saving account. The maximum average interest expenses is Rs. 73404 of daily saving and minimum average interest expenses is Rs. 15152 of hatiya saving. Maximum standard deviation is Rs. 45652 of daily saving and minimum standard deviation is Rs. 11907 monthly saving. Minimum standard deviation is more preferable. Similarly lower C.V is preferable that is 0.52 because of less risk in per unit.

4.2.9 Provisional Funds of the Cooperative

Financial position of the cooperatives included Share Capital, Reserve Funds, Share Dividend, Patronage Fund, Staff Bonus Fund, Cooperative Education Fund, Cooperative Development Fund, Loss Recovery Fund and Other Funds. They are separately presented and analyzed under different headings.

Table 4.9: Provisional Funds of the Cooperative

Funds	Fiscal Year					Total
	2010/011	2011/012	2012/013	2013/014	2010/011	
Reserve fund	6173	3461	13695	22570	34707	80606
share dividend	6173	3461	13695	22570	34707	80606
Patronage Fund	6173	3461	13695	22570	34707	80606
Cooperative education fund	3086	1731	6848	11285	17353	40303
Cooperative development fund	3086	1731	6848	11285	17353	40303
Loss recovery fund	3086	1731	6848	11285	17353	40303
Staff Bonus Fund	1543	866	3424	5642	8677	20152
Bad debt fund	1543	866	3424	5642	8677	20152
Total	30863	17308	68477	112849	173534	403031

Source: Annual Financial Report of SS & C, 2010-2015

Reserve Fund

Reserve fund is most important to the cooperative. The cooperative have to maintain 20% percent of net profit as reserve fund. Out of the total reserve funds allocated by the cooperative in Likewise, the total fund is Rs. 80606. Maximum amount of fund in FY Rs. 2014/015 is Rs. 34707. Reserve fund is

decreased Rs. 6173 to Rs. 3461 in YF 2011/012 after that rapidly in increasing trend.

Share Dividend Fund

Table shows that out of total share dividend fund allocated by the cooperatives, share dividend fund is most important to the cooperative. Organizations have to distribute the share dividend in proportion to the shareholders. The cooperative have to maintain 20% percent of net profit as share dividend fund. Out of the total reserve funds allocated by the cooperative in Likewise, the total fund is Rs. 80606. Maximum amount of fund in FY Rs. 2014/015 is Rs. 34707. Reserve fund is decreased Rs. 6173 to Rs. 3461 in FY 2011/012 after that rapidly in increasing trend.

Patronage Fund

The table indicates that the cooperative is allocated 20% of net profit i.e Rs. 80606 in total. Likewise in the FY 2011/012, the amount of patronage fund is decreased i.e Rs.6173. Maximum amount of fund is Rs. 34707 in last year. After the second FY the fund is in increasing trend.

Cooperative Education Fund

Cooperatives have to provide education about the cooperative. So that the new members are encourage to join the cooperative. Ratio of new entrance will be high. There would not chance to leave cooperative by exist shareholders. Education for the members is of utmost importance in the cooperatives. Therefore, an attempt had been made during the study to find out the funds allocated by the cooperatives under cooperative education fund. A sufficient proportion of funds were allocated by the cooperative. Total amount of education fund is Rs. 40303; that is 10% of net profit.

Cooperative Development Fund

Very few cooperatives had allocated funds for the cooperative development. Table indicates that the cooperative had allocated 10% of net profit that amount is Rs. 40303 in total up to last FY. This allocated amount should be utilized in respective FY. Maximum allocation of cooperative development fund is Rs. 17353 in FY 2014/015. Cooperative development fund also increasing trend in every FY.

Loss Recovery Fund

Though loss recovery funds is one of the most necessary funds for the cooperative, the cooperative have to suffer from the loss at that time this fund helps to maintain losses. The total amount of loss recovery fund is Rs. 40303 till now. 10% of net profit is allocated to the loss recovery fund in the cooperative. Maximum allocation of cooperative development fund is Rs. 17353 in FY 2014/015. Loss recovery fund also increasing trend in every FY.

Staff Bonus Fund

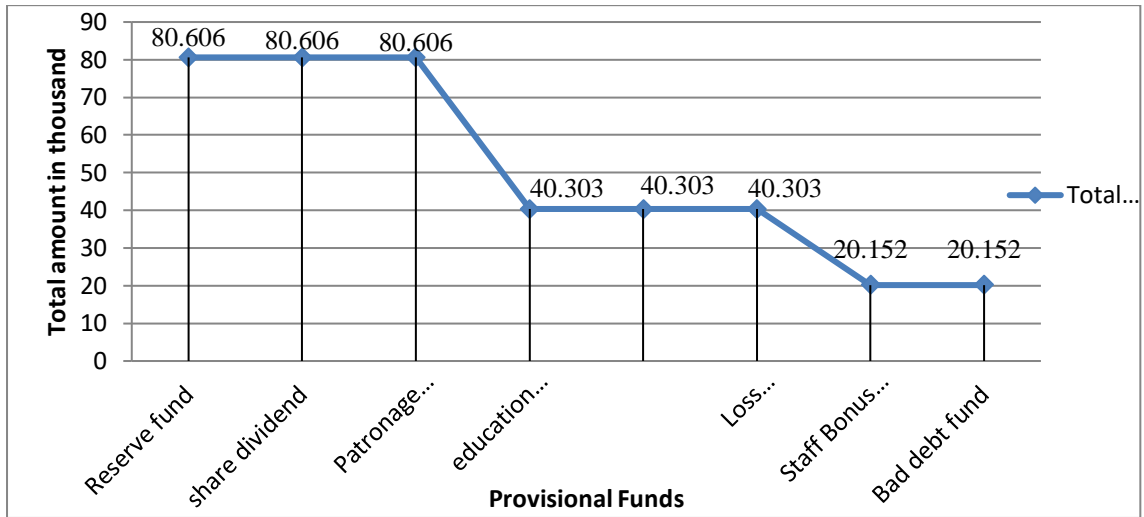
The data shows the cooperative is allocated the staff bonus fund 5% of net profit i.e. Rs. 20152 in total. Staff is performs their daily work in office. An organization has motivation to staff by monetary incentive. Motivated staffs will be responsible to their work. Likewise in the FY 2011/012, the amount decreased by Rs. 866. After that the amount is in increasing trend up to last FY.

Bad Debt Fund

The cooperative sometimes face to bad debt in transaction. The bad debt fund helps to fulfill bad debt loan. 5% of net profit is allocated to bad debt fund by the cooperative. The total amount of bad debt fund is Rs. 20152 up to last FY. Bad debt is totally loss for the cooperative so the fund would be keep in provision. Maximum amount of bad debt fund is Rs. 8677 in last FY.

The funds are the provision for the organizations. This type funds helps maintain the position of the organizations. The cooperatives have to face different type of problems in this situation funds will help. Certain percent of net profit would be kept in provision for the funds.

Figure 4.1 Position of Fund SS& C of Bhojpur



Source: Annual Financial Report of SS & C, 2010-2015 AD

The figure is helpful to justify what was explained with the help of the above table.

4.2.9 Growth Ratio of Total Deposit Collection and Total loan Disbursement

Growth ratio is the growth rate of deposit collection and Loan disbursement. It indicates how well the cooperative collecting the deposits and disbursing the loans. The growth ratio is calculated as follows.

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

Where, D_n = Deposit amount for n period.

D_o = Current deposit amount

n = number of years observed

g = growth rate during the period

Table 4.10: Position of Growth Rate

Fiscal Year	2010/011	2011/012	2012/013	2013/014	2014/015	Growth Rate
Saving (Deposit Collection)	1862525	3281187	5942960	8027309	9840042	51.61%
Loan Disbursement	3184827	5217359	4608885	5363613	4781824	10.69%

Source: Annex-III

The table 4.10 shows that the growth ratio of total deposit and total loan disbursement of SS&C society ltd. are 51.61% and 10.69% respectively which shows that total deposit is higher than growth ratio it indicates that the performance of deposit collection is better than loan disbursement. Deposit collection is helping to achieve cooperative goals and objectives. On the other hand loan disbursement isn't satisfactory. It is also increasing every fiscal year but in decreasing trend and it is not meeting target point. Internal and external factors are responsible for not meeting the target point. External factors are uncontrollable but the cooperative can change the rules and regulation to attract more borrowers. Internal factor may be rules and regulation of cooperatives, liquidity crisis, etc. and external factor may be, environment, shareholders have enough money to invest, shareholders don't want to take risk etc.

4.2.11 Coefficient of Correlation between Total Deposit and Credit

Mobilization

Under this heading, Karl Pearson's coefficient of correlation is used to find out the relationship between total deposit and loan and advances (Credit mobilization)

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

Table 4.11: Relationship Between Total Deposit and Loan

Correlation (r)	Coefficient of determination (r²)	Probable error (P.E.)
0.5678	0.3223	0.2044

Source: Annex-IV

The table 4.11 shows the correlation coefficient(r) between deposits and loan of the cooperative that is 0.5678. This shows the positive relationship between these two variable i.e. deposit and loan of the cooperatives. By considering coefficient of determination (r²), the value of r² is 0.3223 in case of the cooperative. The value of r² is 0.3223, which means 32.23% of loan disbursement decision is determined by deposit and 66.77% loan and advances depend upon other variables.

In this chapter 4.1 analyzed the secondary data is found satisfactory for the cooperative. The study is consisting to evaluation, analyzes, compare to each other and interpreted according to results. Data are collected from annual reports, financial report (published and unpublished) asking to committee member, staffs and board member.

4.3 Basic Profile of the Members

The shareholder members can be judged by various ways. However in the cooperatives, it is highly given priority that how much the socio-economic

conditions of the members have been improved by being member of the cooperative. Cooperative as a business and a social organization has to give one and only priority to benefit the members socially and economically. Only by doing business focusing on the members' skills and economic activities a cooperative can be sustained and developed. Similarly, cooperatives have to benefit members by employment generation, formal and non-formal education, vocational training, medical and health care services, environment protection activities, drinking water supply, etc.

Based on the above features, an opinion survey (Questionnaire) had been conducted from the members of the Samuhik Saving & Credit Cooperative (SS&C) for this study.

4.3.1 Caste and Ethnic Composition of Respondents

The cooperative is providing facilities for the people of Bhojpur district. The involvement in the cooperative are Brahman, Chhetri, Janajati and Dalit. Cooperative shares its profit to the shareholder every year. There is not any discrimination towards Dalit, Janajati and other ethnic caste. In the cooperative the majority is Janajati. Caste/ethnic composition of respondents is given below.

Table 4.12: Caste and Ethnic Composition of Respondents

Caste and ethnic	Total Number of Respondent	Percentage (%)
Janajati	31	62
Brahmin/Chhetri	13	26
Dalit	6	12
Total	50	100

Source: Field Survey, 2015.

The table 4.12 indicates that the caste wise diversify of the member. Different ethnic groups are joined in the cooperative. Janajati, Brahamin/Chhetri Dalit and others are ethnic group of the study. Majority i.e. 62% of the members are Janajati and 26% of the members are Brahamin/Chhetri and 12% of the members are Dalit are taken as sample.

4.3.2 Age Composition of Respondents

The cooperative is providing facilities to different age groups. The involvement in the cooperative are 15-25, 25-35, 35-45 45-55 and 55+ age groups. There in not any restriction to join the cooperative. In the cooperative the majority age group is 25-35 year. Age group composition of respondents is given below.

Table 4.13: Age Composition of Respondents

Age Group	Total Numberf of Respondent	Percentage (%)
15-25	2	4
25-35	20	40
35-45	19	38
45-55	8	16
55-65	1	2
65+	0	0
Total	50	100

Source: Field Survey, 2015.

The table 4.13 indicates that the age composition of the members. Different age groups are joined in the cooperative. The age groups 15-25, 25-35, 35-45, 45-55, 55-65 and 65+ the percentage of these are 4%, 40% 38% 16% 2% and 0% respectively. Majority i.e. 40% of the members' age group is 25-35. It means age groups of 25-35 members are more energetic and entrepreneur to do self

business. Then age group of 35-45 i.e. 38% also shows that the members are more involved in the income generation.

4.3.3 Educational Status of Respondents

Education is the backbone of any society. The population of the educated people can make a society prosperous. Cooperative is an organization created by the people of the society and the cooperative has also a lead role to educate the members on their rights and duties as a member of the society. Education helps boost morale, self-esteem, confidence, social recognition and the status to the person. Illiteracy is a curse from which a person may be misguided, cheated and creates situation of dependency to others hindering her/him from the empowerment. Keeping in mind the education status of the members, a survey had been made to find out the situation of the members in this regard.

Table 4.14 Educational Status of Respondents

Education Categories	Total Number of Respondents	Percentage (%)
Illiterate	0	0
Literate (can write Name)	15	30
Under S.L.C	13	26
SLC Pass	10	20
Intermediate Level & Above	12	24
Total	50	100

Source: Field Survey, 2015.

As presented in the table 4.14 majority 30% of the members are literate (can write name). That means the members are literate in the cooperative. The main purpose of the cooperative would be involvement to the uneducated members. Uneducated people have no enough investable fund to start business and entrepreneurship. The members are self encouraging to involvement in the

cooperative. The cooperative have major purpose is literacy in society by campaigning, giving loan in education etc. Intermediate level and above passed members will be asset for the cooperative. Larger numbers of members have been found to be taking loan by literate i.e 30% and lesser number of member have been found to be taking loan by SLC pass i.e 20%. But illiterate member is zero percent.

4.3.4 Change in House Structure of the Respondents

The study consist on three types of house structure like thatch hut, tyle/Jasta pata and concrete. The structure of house are presenting at following table at the time of study period.

Table 4.15: Change in house structure of the respondents

House structure	Total Number of Respondent		Percentage (%)	
	Before	After	Before	After
Thatch Hut	31	17	62	34
Tile/Jasta pata	19	30	38	60
Concrete	0	3	0	6
Total	50	50	100	100

Source: Field Survey, 2015.

Out of the surveyed 50 share members, about 62 percent lived in thatch hut (Khar ko chhana) type of house before credit. But after receiving cooperative credit only 34 percent member's houses remaining in thatch hut. Only 38 percent of the surveyed members were used Tile/Jasta pata types of the houses before credit but after the receiving the credit this has significantly changed and 60 percent of members have started living in such type of house. There were nothing any concrete house before but after receiving cooperative credit 6 percent of members have started living in concrete house.

4.3.5 Occupation Composition of Respondents

The cooperative is providing facilities for the people for different occupations. Farmers, wage earners, businessman, hotel businessman and others can join the cooperative. There is not any separate rule and regulations for separate occupation. In the cooperative the majority is businessman. The occupational composition of the respondents is given in the table below.

Table 4.16: Occupation Composition of Respondents

Occupations	Before		After		Percentage change (%)
	Total Number of Respondent	Percentage (%)	Total Number of Respondent	Percentage (%)	
Agriculture	29	58	12	24	-34
Wage earner	6	12	4	8	-4
Business	13	26	26	52	26
Hotel	2	4	8	16	12
Total	50	100	50	100	0

Source: Field Survey, 2015

The table 4.16 indicates that there is remarkable switch on in the occupation/profession of the members before and after joining the cooperatives. According to the above table there is remarkable shift of profession among the members. Before joining the cooperative as members, 58%, 12%, 26% and 4% of the members were engaged in agricultural activities, wage earner, business and hotel respectively. After joining the cooperative as members, 24%, 8%, 52% and 16% of the members are engaged in agriculture activities, wage earner, business and hotel respectively. The percentage change of the cooperative as members, (43%), (4%), 26% and 12% of the members are changed their occupations. Involvement of members in

agriculture are decreasing from 58 per cent to 24 per cent, in wage earner decreasing from 12 percent to 8 percent, in business sector increasing from 26 percent to 52 percent and in hotel increasing from 4 percent to 16 percent. Maximum no. of members are changed their occupations in agriculture. After joining the cooperative the members are switched to business and hotel from agriculture and wage earner.

4.4 Role of S.S&C in the Development of the Study Area

Samuhik saving & credit cooperative has some main role in the development of study area. The following are the main activities .

4.4.1 Change in Drinking Water Supply of the Respondents

The respondents are changed source of drinking water after joining the cooperative. They invest in small farming and income is generated, after that they have to spend in their business/farm. Use of different sources of drinking water composition of the respondents is given below.

Table 4.17: Change in Drinking Water supply of the Respondents

Sources	Total Number of Respondent		Percentage (%)	
	Before	After	Before	After
Local Source	30	18	60	36
Piped water own	15	30	30	60
Piped water Public	5	2	10	4
Total	50	50	100	100

Source: Field Survey, 2015

Out of the surveyed 50 share members, about 60 percent used to local source of house before and 36 percent member only used after joining the cooperative. 30 percent of members were used to own piped water but increased by 60 percent of members has used to after joining the cooperative. 10 percent of

respondent were used public piped that is decreased to 4 percent after joining the cooperative. Own water piped has been increased in such type of survey that means the members can save their time and they will be able to increase other income in same time.

4.4.2 Change in the Toilet Structure of the Respondents

The respondents are changed their toilet structure after joining the cooperative. They are empowered by economically and socially as well health so most of the members has built hygienic toilet. They are aware to improve in toilet. The structure of toilet composition of the respondents is given.

Table 4.18: Change in Toilet Structure of the Respondents

Structure	Before		After		Change
	N0. of Respondents	Percentage	N0. of Respondents	Percentage	
No Toilet	5	10	0	0	-5
Local Toilet	45	90	21	42	-24
Hygienic Toilet	0	0	29	58	29
Total	50	100	50	100	0

Source: Field Survey, 2015

Out of the surveyed 50 share members, 5 members have no toilet but all members have toilet after joining the cooperative. Such as local toilet is decreased 45 to 21 means by 24 members. And there were no hygienic toilet before joining the cooperative but increased by 29 members has such type of toilet after joining the cooperative.

4.4.3 Change in Fuel Consumption of Respondents

The respondents are switched to electric and LP gas from fire wood after joining the cooperative. They invest in small farming and income is generated, after that they have to spend time in their business/farm. They have no enough time to spend in kitchen. The female members are aware to health effected from bad smoke out comes from fire wood. Use of different sources of fire composition of the respondents is given below.

Table 4.19: Change in Fuel Consumption of the Respondent

Source	Before		After	
	No. of Respondents	Percentage	No. of Respondents	Percentage
Fire Wood	36	72	18	36
Biogas	6	12	10	20
Electric/LP gas	8	16	22	44
Total	50	100	50	100

Source: Field Survey, 2015

It can be seen from the table 4.19 that the major respondents had used fire wood (72 percent) before joining the cooperative. This number after joining the has fallen to 36 percent. 12 percent of the total surveyed respondents were found used biogas before but after joining the cooperative about 20 percent of respondent have used biogas. In such case electric/ LP gas had used before by 16 percent but after joining the cooperative about 44 percent of respondent have started to use electric/ LP gas.

So, it is clear that after joining the cooperative share holders are interested to invest in modern technology.

4.4.4 Change in the Schooling of the Respondents' Family

The respondents are switched to private school from government school after joining the cooperative. They are able to pay fees of private school. The children of share members are getting quality education from private school. Going to different school composition of the respondents' children is given below.

Table 4.20: Change in Schooling of the Respondent's Family

School	Before		After	
	No. of Respondents	Percentage	No. of Respondents	Percentage
Government	29	58	17	34
Private	21	42	33	66
Total	50	100	50	100

Source: Field Survey, 2015

It can be seen from the table 4.20 that the major respondents' children had used to go Government school about 58 percent before joining the cooperative. This number after joining the cooperative has fallen to 34 percent. 42 percent of the total surveyed respondents were found used to go private school before but after joining the cooperative about 66 percent of respondent have gone to private school.

So, it is clear that after joining the cooperative share holders are interested to go private school. They are able to pay in private school by maintaining their economic power.

4.4.6 Impact of Loan Disbursement to Respondents

The cooperative is providing loan in different purposes. Different types of purposes have different types of schemes like that business purpose, domestic purpose, hotel business, education/health and business. Cooperative shares its profit to the shareholder every year. There in separate rule in separate loan purposes. In the cooperative the majority is taking loan in business sector. Loan disbursement in different purposes to respondents is given below.

Table 4.21: Loan Disbursement of the Cooperative in Different Purposes

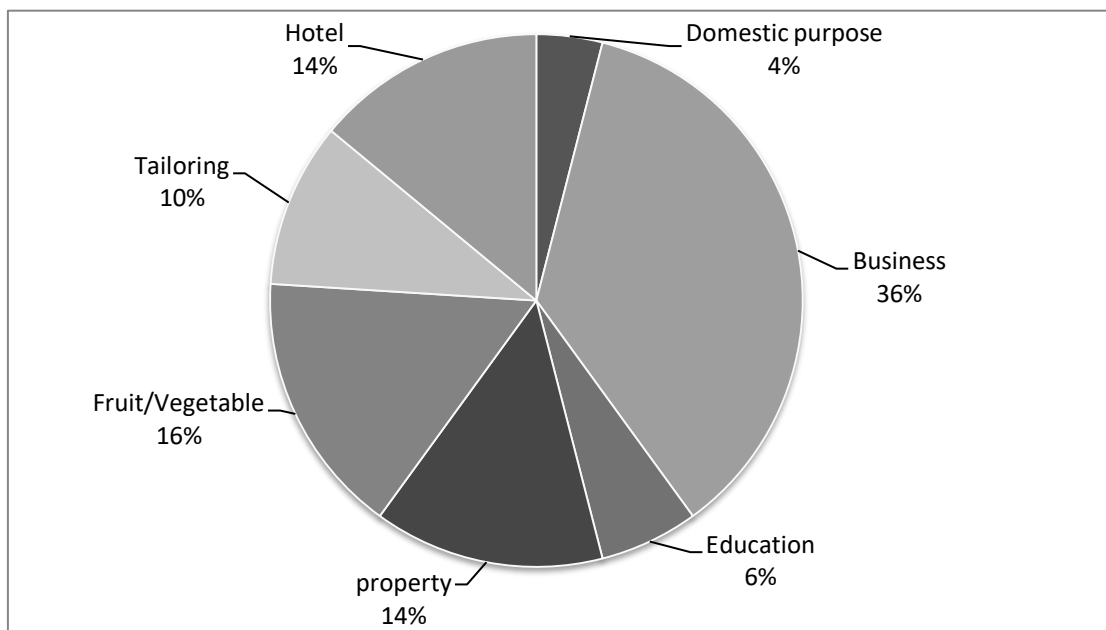
Purpose	Total Number of Respondent	Percentage (%)
Domestic purpose	2	4
Business	18	36
Education/Health	3	6
Property purchase	7	14
Fruit/Vegetable farming	8	16
Tailoring	5	10
Hotel	7	14
Total	50	100

Source: Field Survey, 2015.

The table 4.21 and figure 4.2 show the loan disbursement for different purposes. The percentages of domestic purpose, business, education/health, property, fruit/vegetable, tailoring and hotel are 4%, 36%, 6%, 14%, 16%, 10% and 14% respectively. Borrowing of members in business purpose is more i.e 36% and borrowing of members in domestic purpose is less i.e 4%. The members are taking loan more for the business then the fruit/vegetable farming i.e. 36% after that property purchase and hotel business ie 14% respectively. The members are also taking loan for tailoring; education/health and domestic

purpose are 10%, 6% and 4% respectively. Hence, the loan is taken by the member for economic activities.

Figure 4.2: Loan Disbursement in Different Purposes



Source: Field Survey, 2015

4.4.7 Sources of Loan before the Joining the Cooperative

In the rural financial market, informal agencies including individual and groups have played a dominant role as traditional moneylenders. Formal groups/institutions include bank/financial institutions, cooperatives and other registered financial institutions. To find out the credit borrowed by the members before from different sources, the borrower's opinion was collected.

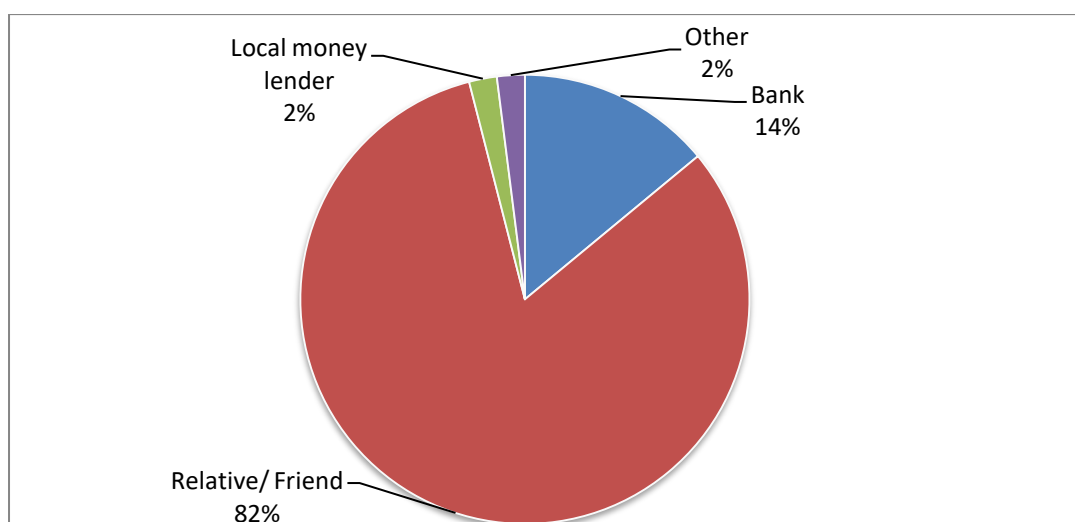
Table 4.22: Sources of Loan before Joining the Cooperative

Source of Loan	Total Number of Respondent	Percentage (%)
Bank/financial institutions	7	14
Relative/ Friend	41	82
Local money lender	1	2
Other	1	2
Total	50	100

Source: Field Survey, 2015.

The table and figure show the before credit source of respondents. The percentage of the credit borrowed by the members from relative/friend is higher than other sources. Before joining the cooperative, 82% (percent) respondents had borrowed loan from relative/friend. 14% (percent) respondents had borrowed loan from bank/financial institution and 2% (percent) respondents had taken loan from local money lender and others. Before joining the cooperative the respondents had to pay high interest rate. The respondents had to pay around 18%-36% interest rate before they joined the cooperative whereas they have to pay only 14% (percent) interest rate to the cooperative. The dependency of credit borrowed for the cooperative is increasing.

Figure 4.3: Sources Condition of Loan before the Joining of Cooperative



Source: Field Survey, 2015.

4.4.8 Impact of Saving (deposit) Collection to the Members

The saving usually saves their income if they find their own financial institution at their place if such institutions are not available they hardly go to other places to deposit their saving.

Table 4.23: Deposit Condition of Respondents

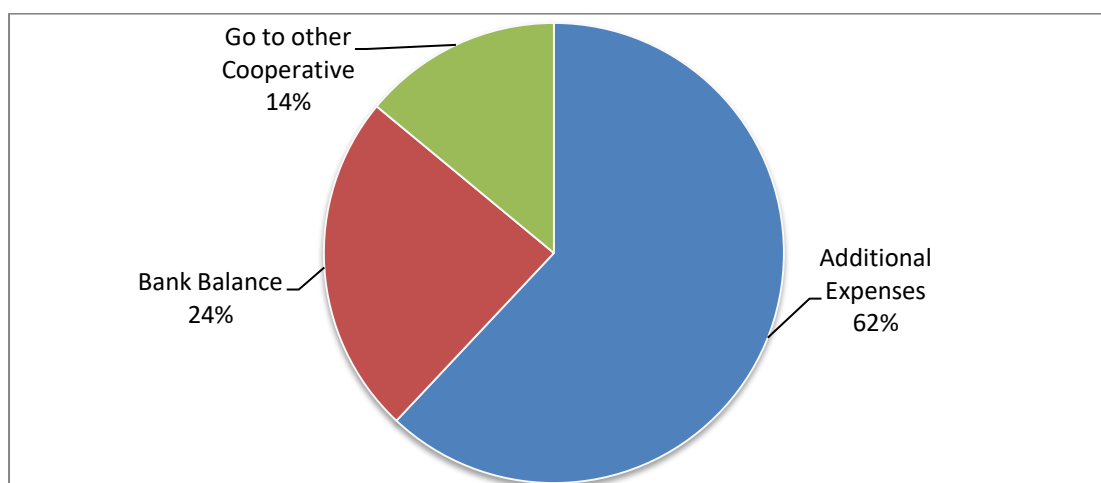
Purposes	Total Number of Respondent	Percentage (%)
Additional Expenses	31	62
Bank Balance	12	24
Go to other Cooperative	7	14
Total	50	100

Source: Field Survey, 2015.

The table 4.23 and figure 4.4 show that the no. of members they would utilize their deposit, if there was no the cooperative. Total no. of respondents is 31, 12 and 7 they utilized their deposit in additional expenses, bank and go to other cooperative to deposit respectively. 62% of respondents don't go to save their money if there was no the cooperative or they expend their saving for additional expenses. Similarly, 24% of respondents used to go to banks/ financial institutions for saving their money. And 7% of respondents would go to other cooperatives for saving.

The cooperative helps to 62% members in deposit, it indicates that the members are getting help by joining the cooperative, otherwise their money will expense without saving.

Figure 4.4: Deposit Condition of Respondents



4.4.9 Utilization of Saving of the Members

After saving the members have withdrawn their deposit to invest in domestic expenditure, income generation activities, to improve their living standard and health and education. The following table shows the utilization of saving.

Table 4.24: Utilization of Saving of the Members

Items	No. of Members	Percentage
Domestic Expenditure	13	26
Income generation	22	44
Expenditure in education and health	15	30
Total	50	100

Source: Field Survey, 2015.

Table 4.24 majority i.e. 44% of the members opinioned that the utilization of deposit in income generation, 30% member expend their deposit on education and health, 26% members expend on domestic expenditure.

4.4.10 Utilization of Income Earning of the Members

The cooperative is providing more facilities to the members. The members are getting facilities in saving and credit. From these facilities they are generating income. The income is utilizing in other purpose by them. They are utilizing their earning in domestic purpose, business expansion, children education/health, purchasing luxury goods etc. Majority utilization of income is reinvesting in income generation. The respondent's opinion is given bellow

Table 4.25 Utilization of Income of the Members

Items	No. of Members	Percentage
Domestic Expenditure	11	22
Income generation	29	58
Expenditure in education and health	10	20
Total	50	100

According to table 4.25, majority i.e. 58% of the members opinioned that the utilization of income earned from business in income generation. It indicates that the members are encouraged to invest their income in income generating sector. After then 22% members utilized their income in domestic expenditure, 20% members utilized their income in health/education sector. The cooperatives have helped them to increase in self-confidence and increase in savings of the members in financial transactions.

CHAPTER-FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

This study consists of the case study of Samuhik Saving and Credit Cooperative Society Ltd., Bhojpur. It also focuses the trends of saving and loan mobilization and compared the correlation values of deposit, loan and advance for next five years.

The study is based on primary as well as secondary sources. All the data are taken from concerned cooperative's annual reports, literature publications, balance sheet, profit and loss account, previous thesis reports, different websites, related booklets, journals and articles for the secondary data and primary data are taken from asking questionnaire to respondents. 50 respondents are taken as sample out of 75 share holders its covers 66.67%. After collecting the data from the different sources, it is analyzed by using financial tools and statistical tools. Deposit collection and loan disbursement function of the cooperatives is very important variables. Saving and credit of the cooperative are mobilized to shareholders. The members are benefited from both deposit and loan. Loan is taken for investing to the business and certain percent of income is saved in the cooperative. The cooperative provides the interest in saving and takes interest to borrower. According to the study, the contribution of the deposit is higher than the loan in the cooperatives. The collection of the deposit must be taken as a crucial factor by the cooperatives so that adequate funds can be available to mobilize it.

The cooperative has important role for the development of study area. It changed the drinking water supply, toilet structure, fuel consumption and schooling to the members' family in this study. Most of the members have got the facilities of piped water of their own, hygienic toilet, LP gas stoves , school at private after joining in the cooperative. Members have taken loan for different types of income generating activities like business, vegetables farming, tailoring etc from the cooperative. From these activities, they generate self employment opportunity and help to reduce poverty in the study area.

5.2 Conclusion

Samuhik Saving & Credit cooperative accumulates the scattered money from the members. Share capital and savings are main sources of capital in this cooperative. Share capital is in increasing trend. Different types of savings are collected in increasing trend and mobilization of the saving by members as loan in different types of income generating activities in the study area.

The socio-economic condition of the members has been changed after joining in the cooperative. The home structure of the members has been changed, almost of the members have tile roofed houses after joining in the cooperative. The occupation of the members has been changing into business and little modern farming system. This has helped to increase income of the participants. It made them economically and socially active member in their family with the positive changes in consumption, production, education, clothing pattern, health and decision making power. Due to this their living standard has changed in positive direction after membership.

Finally, the role of cooperative in income and employment generation and overall living standards is positive. It changes occupation, education of the family members, and whole living standard of the members. It aware to the people. Thus in short the grouped are towards satisfactory trend to reduce poverty and empowering their social status but there are still many things to be done. And considering the solution of the existing problems there is need to come up with better planning for the future.

5.3 Recommendations

Based on the findings and conclusion presented in the previous sections, the following recommendation has been made for the implementation of program more effectively and efficient

- i) There should be regular monitoring mechanism to check whether the disbursed loan is used as pre the objectives of the loan scheme.
- ii) The cooperative has not enough capital to provide loan to the all members according to their demand, so by raising its capital it must provide loan facility to all members. For this, it must coordinate with its networking federation.

- iii) Computerization is essential for the accounting system.
- iv) Every meeting should be held in time and all the members should actively participate in all meetings. The plans and policies should be followed strictly in behavior.
- v) Training and exposure visit are essential for the members.
- vi) Cooperative education must be given to the all members and non members in it coverage area.
- vii) It must go forward by making other more new additional plan and policies.
- viii) The cooperative should organize some kinds of trainings, such as cooperative education, entrepreneurship development, business plan preparation, crop diversification, sustainable agricultural program, agro forestry programs etc.
- ix) Regular field visit and dealing with members should make more advances for the effective collection of loan interest and other deposit collection.

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ANNEX-I
QUESTIONNAIRE FORM

1. Personal Profile:

1.1 Name of respondent:Address:

1.2. Age (In Year):

1.3. Caste/Ethnicity:.....

1. 4. Marital Status: (a) Married (b) Unmarried (c) Widow (d) Separated

1. 5. Education:

(a) Illiterate (b) literate (can write name) (c) Level of study:
Primary/Secondary/Higher Secondary

2. Household Information:

2.1 Family size:

2.2 Structure of house:

House Structure	Before	After
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Thatch hut

Tyle/slate

Concrete

2.3 Land

Land	Before (in ropani)	After (in ropani)
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Bari

Khet

Others

2.4 Occupation:

Occupation	Before	After
Agriculture/Self employed		
Daily wage		
Business/self employed		
Hotel/Restaurant		

3. Living Standard:

3.1 Luxury goods:

Goods	Before	After
Radio		
Television		
Vehicle		
Refrigerator		
Others		

3.2 Drinking Water:

Sources	Before	After
local source		
Piped water own		
Piped water public		

3.3 Toilet:

Structure	Before	After
No toilet		
local toilet		
Hygienic toilet		

3.4 Fuel consumption:

Sources	Before	After
Fire wood		
Biogas		
Electricity / LP gas		

3.5 Schooling:

School	Before	After
Government school		
Boarding school/Private		

4. Impact of Credit

4.1. Amount of loan (In Thousands):

(a) below 20 (b) 21-50 (c) 51-100 (d) 101-200 (e) 201-500 (f) 501-1000 (g)1001+

4.2. What is the purpose for taking loan?

- (a) Domestic Purpose (b) Business
(c) Health/Education (d) To purchase Property
(e) Other, specify

4.3. What was your loan source before?

(a) Banks (b) Relatives/ Friends (c) Local money leader (d) Other If any

4.4. How do you utilize the income earned from cooperative farming/business?

- (a) Domestic Expenses (b) Business
- (c) To purchase property (d) Education/Health

4.5. Interest Rate

- (a) SS&C Cooperative.....(b) Other above source.....

4.6. What is your monthly income before and after taking loan from SS&C Cooperative?

Income	Before	After
1000-5000		
5001-8000		
80001-10000		
10001-15000		
15001-20000		
20000-above		

4.7. How is your business performance? [Tick (✓) in the year.]

Indicators	(I) Year	(II) Year	(III)	(IV) Year	(V) Year
Loss able					
Not Profitable					

4.8. Has your household expenditure increased after joining the Cooperative credit programe.

- (a) Yes (b) No

If yes, give the increased of expenditure on following items.(monthly)

Description	Before	After
• Consumption expenditure		
• Health/Education		
• Social expenditure		

4.9. Do you think your poverty has been reduced by joining the Cooperative?

- (a) Yes (b) No (c) Do not know

5. Impact of Saving

5.1. Do you have any saving in the cooperative?

Particular	Monthly	Weekly	Daily	Fixed	Current	Khutruke
Amount (Rs)						
Interest Rate						

5.2. Have you withdrawn your saving? If Yes, Amount Rs.....

5.3. For what purpose have you withdrawn?

- (a) Domestic Purpose
- (b) Business
- (c) Health\Education
- (d) To purchase Property
- (e) Other, specify

5.4. Do you feel any help from these saving?

- (a) Yes
- (b) No

If Yes, How its helps :

- (a) Income generation
- (b) Improve in living standard
- (c) Helps to education/health

5.5. If there was no cooperative, where would you utilize the saving?

- (a) Additional expenses
- (b) Banks
- (c) Go to other Cooperatives

5.6. Do you have any suggestions and comments from your side to make this Cooperative more effective?

- (a)
- (b).....
- (c).....
- (d).....

ANNEX-II
CHECKLIST FOR KEY INFORMANTS

1. Name of the respondent:
2. Position (S.S&C.):
3. For how long do you know about S.S&C.?
4. What are the sources of its capital?
5. How many shareholders are in this cooperative?
6. What types of savings are collected in this society?
7. What are the purposes of loan disbursement?
8. What are the provisional funds of this cooperative?

ANNEX III
PRIMARY COOPERATIVE SOCIETIES OF BHOJPUR
DISTRICT

S.N.	Types of Co-operative	No. Of Society	Female Members	Male Members	Total Members	Percentage of Societies
1.	Savings and Credit Co-Operatives	95	3480	3567	7047	56.89
2.	Multipurpose Co-operative	37	680	6800	7480	22.16
3.	Agricultural Co-operative	27	167	292	459	16.17
4.	Electric Co-operative	4	15	75	90	2.4
5.	Information & Communication	2	195	55	250	1.2
6.	Tea Farming Co-operative	1	8	32	40	0.598
7.	Consumers Co-operative	1	10	41	51	0.598
	Total	167	4722	11154	15876	100.00

Source: Statistical report of Department of Co-operatives, 2015 A.D

ANNEX IV

PRIMARY CO-OPERATIVE SOCIETIES OF NEPAL

S.N.	Types of Co-operative	Number of cooperative	Female Members	Male Members	Total Members
1	Savings and Credit Co-Operatives	13460	1318825	1415513	2729485
2	Multipurpose Co-operative	4031	428593	635397	1063990
3	Agricultural & Small Farmers Co-operative	9463	354243	399705	753948
4	Diary Co-operatives	1674	51981	81411	113392
5	Vegetables & Fruits Co-operative	183	17341	14845	32186
6	Tea Producers Co-operative	111	1910	4592	6502
7	Coffee Co-operative	170	2946	3798	5380
8	Herbal Co-operative	198	2516	4784	7307
9	Bee Keeping Co-operative	107	2055	3361	5141
10	Consumers Co-operative	1444	19972	36933	56905
11	Electricity Co-operative	437	13920	57720	71640
12	Health Co-operative	110	5188	6563	11686
13	Junar	45	516	899	1415
14	Sugarcane	49	691	1702	2393
15	Information & Communication	128	3912	9732	13644
16	Others Co-operative	1053	7732	148030	225356
	Total	32663	2281935	2824985	5100370

Source: Statistics report of Department of Co-operatives, 2015 AD

ANNEX-V

GROWTH RATIO OF TOTAL LOAN DISBURSEMENT

Fiscal Year	2010/011	2011/012	2012/013	2013/014	2014/015	Growth Rate
Saving (Deposit Collection)	1862525	3281187	5942960	8027309	9840042	51.61%
Loan Disbursement	3,184,827	5,217,359	4,608,885	5,363,613	4,781,824	10.69%

Growth of deposit

$$DN=D0(1+g)^{n-1}$$

Where,

DN = Deposit & Loan of Current Year

D0 = Deposit & Loan of Last Year

g = Growth Rate

n = Number of year

$$9840042=1862525.36(1+g)^{5-1}$$

$$5.283172091=(1+g)^4$$

$$g = 51.61\%$$

$$4781824=3184827(1+g)^{5-1}$$

$$1.501439168$$

$$1.501439168=(1+g)^4$$

$$g = 10.69\%$$

ANNEX-VI

Calculation of Correlation Coefficient and Coefficient Of determination (R²) of Total Deposit and Loan and Advances of the Cooperative

(NRs. In thousands)

Total deposit(x)	Loan and advance(y)	x ²	y ²	XY
18.62525	31.84827	346.8999376	1014.312302	593.1819908
32.81187	52.17389	1076.618813	2722.114798	1711.922896
59.42960	46.08885	3531.877356	2124.182094	2739.04192
80.27309	53.63613	6443.768978	2876.834441	4305.537891
98.40042	47.81824	9682.642656	2286.584077	4705.3349
∑ x =289.54 023	∑ y =231.56 538	∑ x ² =21081.80 774	∑ y ² =11024.02 771	∑ xy =14055.0 1960

$$\begin{aligned}
 \text{Correlation coefficient (r)} &= \frac{n\sum xy - \sum x \sum y}{\sqrt{n\sum x^2 - (\sum x)^2} \sqrt{n\sum y^2 - (\sum y)^2}} \\
 &= \frac{5 \times 14055.01960 - 289.54023 \times 231.56538}{\sqrt{5 \times 21081.80774 - (289.54023)^2} \sqrt{5 \times 11024.02771 - (231.56538)^2}} \\
 &= \frac{257246595.3}{\sqrt{105409.0387 - 83833.54479} \sqrt{55120.13855 - 53622.52521}} \\
 &= \frac{3227.604601}{\sqrt{21575.49391} \sqrt{1497.613335}} \\
 &= \frac{3227.604601}{146.885989 \times 38.6999094} \\
 &= \frac{3227.604601}{5684.474466}
 \end{aligned}$$

$$= 0.5678$$

$$\text{Coefficient of determination} = r^2 = (0.5678)^2 = 0.3223$$

$$\text{Problem error} = 0.6745 \times \frac{1-r^2}{\sqrt{n}}$$

$$0.6745 \times \frac{1-0.3223}{\sqrt{5}} = \frac{0.6745 \times 0.6776}{2.236}$$

$$= \frac{0.4570}{2.236}$$

$$= 0.2044$$