

# CHAPTER I

## INTRODUCTION

### 1.1 Background

A cooperative (coop) or co-operative (Co-op) is a self-governing group of individuals who work together for their mutual social, economic, and cultural benefit. Co-operatives are nonprofit community organizations and businesses that are owned and governed by the people who utilize their services, who work there, or who live there. The members of a cooperative own and govern it. Benefits are dispersed proportionately among co-operative members.

The co-operative movement in Nepal began in 1957 with the establishment of the first co-operative Bakhan Multi-Purpose Co-operative Institute in Chitwan, which was followed by the enactment of the first co-operative legislation in 1960. The cooperative movement, on the other hand, did not gain traction in Nepal until the 1980s, when a huge number of community-based saving and credit cooperatives sprung up all over the country. In reality, in the 1990s, liberalization and an open market economy aided the establishment of co-operatives in the country. The Nepal federation of saving & credit co-operative unions (NEFSCUN) was created in 1988 as the co-operative movement grew throughout the country the early 1990s, the first people's movement ushered in significant political changes in the country. The monolithic panchayat regime gave way to multi-party democracy, and waves of liberalization and open markets swept the country, as they did the rest of the world. Another co-operative statute was promulgated in 1992 to give the co-operative movement a boost. The act declared unequivocally that the government would no longer promote co-operatives, implying that they would have to thrive on their own. Co-operatives have grown in leaps and bounds since then, much to the delight of the government. Nepal's 2015 constitution recognizes cooperatives as one of the three pillars of the national economy. Another co-operative act was promulgated in 2018 to help co-operative keep abreast of the changing times. The constitution envisions national prosperity as a result of public, private, and cooperative sector participation. Co-operatives, like other financial players, can help boost entrepreneurial

development in the country by fostering micro, medium, and large-scale firms, as well as creating job possibilities. The contribution of cooperatives to the gross domestic product (GDP) is approximately %, while their contribution to the financial sector is approximately 20%. In the country, there are roughly 35000 co-operatives with 6.3 million members, with women accounting for around a third of them. Co-operatives directly employ more than 60000 individuals. (The Nepal Federation of Saving & Credit Co-operative Unions, 2022).

### **Introduction of Kalam SACCOS**

Shree Kalam Savings and Credit Co-operative Society Limited was founded in the year 2067 BC. It was created under the Co-operative Act 2048 BS and its rules. This organization's headquarters are in Pokhara metropolitan ward no. 9, Koski, Nepal. The major goal is to form or organize the Federation of Nepal Books and Stationery (FNBSB) Kaski, whose members are all booksellers and stationers in the Pokhara metropolitan area. As a result, board members and executive members are educated individuals who work in Pokhara's business books and stationery industry. The major goal of this cooperative is to collect money in form of saving from the general public and invest it in needy members in credit for long-term growth and economic development. It also offers loans in a convenient and secure manner. Its main goal is to give loans in the quickest and safest method possible while safeguarding the money deposited by its valued members. In the beginning, 25 members who are conducting books and stationery business collect Rs. 10,000 each person and register as the Kalam saving and credit co-operative in Pokhara metropolitan city with working area ward no 4, 5, 6, 7, 8, and 9 of the city. The working area in 2072 BS encompasses the entire Pokhara metropolitan region. The majority of the members of this association work in the book and stationery industry. Now, everyone is involved in both business and non-business activities.

### **1.2 Statement of the Problem**

Nepal is still considered one of the least developed countries in the world. Inequality, poverty, a large population, high unemployment, and slow economic growth are the key features of emerging countries. To address these issues, the government has introduced a variety of economic policies and instruments. However, it is not much effective. Co-operatives are one of the best alternatives for eradicating poverty and

empowering people and government priority area. The cooperatives industry has a variety of restraints and problems in order to fulfill its objectives and development goals. The fundamental goal of co-operatives is to improve the economic situation of their members by offering job possibilities and empowering them to increase revenue. Cooperative plays significant role in providing technical and financial support to its members in a convenient way. The study on how the cooperatives are contributing in securing and promoting one's business and livelihood is lacking so that effective planning and evaluation of cooperative approach can be done. The effective management of cooperative is important. Cooperative should provide effective service to satisfy their members. Satisfaction of the members lead to win win situation for members and cooperatives. This research attempts to understand how Kalam Saving and Credit Cooperatives is contributing in social and economic developments of its members. In other way how the members of the cooperative are taking benefits from the cooperative to secure their business and livelihood and how much are they satisfied with the cooperative management. It focuses to explore the importance of co-operative for initiation and operation of income-generating activities and other social activities to enhance social and economic development of its members.

This research focuses on the following questions in particular.

- i. What kinds of activities carried out by the cooperative is satisfying its member?
- ii. How those efforts aided in the socioeconomic upliftment of its members?

### **1.3 Objective of Study**

The study's overall goal is to examine the Kalam saving and credit co-operative society ltd, Pokhara's activities on members and socio-economic contribution. The specific objective of the study are as follows.

- i. To analyze Kalam SACCOS actions, and satisfactions of members.
- ii. To evaluate the socioeconomic status and cooperative's contribution to its members.

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

The research focuses on the activities of a savings and credit cooperative and the social and economic benefits they provide to their members. It determines the cooperative's key strengths and weaknesses, as well as the socioeconomic and economic condition of its members. The research was limited to saving and credit cooperatives. For policy formation and implementation, it will be equally vital to government bodies. Financial institutions would be beneficial to their respective industries. Teachers and students who conducted research have shown to be extremely beneficial to their future studies.

#### **1.5 Limitation of the Study**

The following are the study's principal limitations.

- i. This research was limited to Kalam SACCOS in Pokhara.
- ii. The study's conclusion or generalization may or may not apply to other scenarios.

#### **1.6 Organization of the Study**

This study is organized in five chapter. In chapter one introduces background of the study, statement of the problem, objective of the study, significance of the study and limitation of the study. Chapter two reviewed all the study related literature and detailed the conceptual framework of the study. Chapter three describes research methodology, defines the population of the study, sample size and techniques used in data collection and analysis. Chapter four presents research finding and discussion of the study. Lastly chapter five include the summary and conclusions of finding referring to the objectives of the study and recommendation and suggestion are enlisted.

## **CHAPTER II**

### **REVIEW OF LITERATURE**

Any research project requires a thorough review of the literature. Various connected papers, both published and unpublished, past reports, bulletins, and magazines are examined. It facilitates study and aids in the discovery of fresh information. It also supervises researchers by directing them to various directories where they can do various research projects. This chapter has been organized in three subsections.

#### **2.1 Theoretical Review**

##### **2.1.1 Concept and Definition of Cooperatives**

Cooperation is related with humans at all phases of their lives. Cooperation is a disciplined way of life that is influenced by love, affection, and sympathy. In its technical definition, it refers to a unique business model that falls somewhere between capitalism and socialism. This organization prioritizes service before profit.

ICA (2006) said that cooperative is an autonomous association if persons united voluntarily for the fulfillment of their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

Bowen (1953) said that Socialism and communism not voluntarily but compulsorily so, the essence of co-operative method or system lies on the extremities of the communism and capitalism.

According to Walter (1960), cooperatives must not only be "deofficialized," but also have their support structure rebuilt to assist them achieve strength and self-reliance. Government officials and cooperative representations must collaborate to develop a plan and timeline for officialization. Donors could play a critical role in fostering the conversation and assisting with the design of a viable approach. A cooperative association is a company or home association, as well as an economics institution, through which economic activity is carried out in the pursuit of economic goals.

Bakken (1963) stated emphatically that cooperative associations are filled with

monopolistic tendencies. First and foremost, the feature originates as a result of mass formation. Members of the original cooperative enterprises willingly follow the norms of behavior established for their collective action. Rugged individualism is restrained in certain selfish activities, to the extent that the discipline applies.

Shutang and Apedaile, (1989), Agricultural cooperative can offer a balance among individual productive initiative, imperfectly competitive markets, imperfect government, and concentration of land and wealth. They make a stand against monopoly pricing, and ideally aim for competition among equals. Cooperatives not only promote cooperation among their members, but also seek to cooperate with other similar organizations. They are competitive for resources and in the market place, but cooperative practice is likely to be most successful as economies change and restructure.

Global Finance Magazine (2007), in the developing countries, international effort by ICA, ILO and the UN, have been instrumental in the formation of new cooperatives that are independent from their governments. The ICA Identity Statement and cooperative principles, the United Nations Guidelines of 2001 and the ILO Recommendation No. 193 on the promotion of cooperatives have served as guidelines to form cooperatives, as well as limit the role of government to one of providing and enabling environment and level playing field so cooperatives can operate on a sustainable basis alongside other types of business. These mechanisms recommend that there should be an early and complete disengagement of governments from the internal affairs of cooperatives. The ILO Recommendation No. 193 emphasizes the need to promote the business potential of cooperatives so that they can contribute to sustainable development and decent employment. It does not advocate the complete withdrawal of government but recommends an institutional framework in which government registers cooperatives as simply and efficiently as possible, regulates them in the same way as other forms of enterprise, and support services for marketing, all without infringing cooperative autonomy.

ILO (1969) has suggested that a cooperative society is a group of people who have come together voluntarily to achieve a common goal by forming a democratically controlled business organization and contributing equitably to the capital required and the profits of the venture in which the members actively participate.

Krishnaswamy (1978) explained Cooperation acts as an organizing tool for economically disadvantaged producers, artisans, and workers, as well as consumers, to protect themselves from exploitation by the powerful.

Braveman and Pohlmeior (1991) jointly studied rural cooperatives and determined that in many circumstances, co-operatives would not be able to accept the responsibilities previously performed by government employees on an immediate basis. Significant efforts are required to maintain and, in certain cases, to build the essential cooperative institutions.

Johnson (2003) in an increasingly globalized world, Cooperatives have the potential to be a driving force in our developing world partner countries, if they can operate in a democratic context, as a counterbalance to corporate dominance and an anchor to the grassroots level of society. Cooperatives can provide a much-needed opportunity for self-determination and empowerment for the world's underprivileged.

ICA (2003) has suggested that A cooperative society is a self-governing group of individuals who have come together voluntarily to achieve their common economic, social, and cultural needs and ambitions through a jointly owned and democratically controlled organization. Self-help, self-reliance, democracy, equality, equity, and solidarity are all principles that cooperatives uphold. Members of cooperatives believe in the ethical qualities of honesty, openness, social responsibility, and caring for others, as did their forefathers.

Dogarawa (2005) describes today Cooperatives provide a strong, vibrant, and viable economic alternative in an era when many people feel powerless to change their lives. Cooperatives are formed to meet the mutual needs of individuals. They are founded on the powerful notion that by working together, a group of people can achieve goals that none of them could achieve individually. Cooperatives have been an effective way for people to exert control over their economic livelihood for more than 160 years. In an increasingly competitive global economy, they offer a one-of-a-kind tool for achieving one or more economic goals. Cooperatives are being considered useful mechanisms to manage risk for members in Agriculture or other similar cooperatives, help salary/wage earners save for the future through a soft felt monthly contribution that is deducted from source, own what may be difficult for individuals to own through their efforts, and strengthen the communities in which they operate through

job provision and payment of wages. Cooperatives generally benefit the community's economy as well. Interestingly, despite its age, cooperatives are not widely used in Nigeria.

David (2007) claimed that credit cooperative is an organizational structure in which a group of people, each with a small amount of savings, can pool their funds to finance non-trivial business opportunities (in addition to some consumption-oriented lending). Donors can help to catalyze and facilitate the development of savings-based credit cooperatives in a variety of ways. One approach is to foster and partially fund upstream organizations whose mission is to catalyze and assist animators in organizing savings cooperatives, as well as to assist those cooperatives in learning from one another about propagating examples and overcoming obstacles. Another approach would be to promote partial insurance schemes for small depositors in credit cooperatives, so that the fear of losses due to organizational or financial failure does not deter individuals from participating in such a collective activity. Donor-funded organizations to "help the poor" abound in the developing world (and in depressed parts of the developed world). Instead of truly assisting the poor to become agents or doers of their own development, the poor are viewed as clients and customers of a plethora of externally funded organizations with the ostensible purpose of providing services such as microfinance lending services to the poor.

UNFAO (2010) describes the Cooperative Federation of Nepal is the pinnacle of Nepal's cooperative movement. Cooperative Trainings, Leadership Development Training, Capacity Building Training, Member Awareness Campaigning, Agriculture Marketing Training, Product Diversification on Agro Products, Success Case Replication, and other activities are launched. Similarly, the project creates model cooperatives, provides assistance to women cooperatives, and distributes seed money for the expansion of agriculture businesses related to production and marketing. The Cooperative Federation of Nepal is the governing body of Nepal's cooperative movement. It initiates a number of activities, the majority of which are related to training, such as cooperative trainings, leadership development training, capacity building training, member awareness campaigns, agriculture marketing training, product diversification on agro products, success case replication, and so on.



### **2.1.2 Co-operative Aims and Functions**

Circumstances will determine which objectives emerge from an economic environment (at least in a functioning market economy). There are two major groups that can be distinguished:

1. Economic and
2. Social aims

Other fundamental cultural, religious, and political goals exist in practice and in the relevant literature, but they are irrelevant to our study. Two groups of goals are crucial for understanding the cooperative identity in an economic/capitalist environment. As previously stated, the co-overarching operative's economic goal is to increase the income of its members.

### **2.1.3 Values and Principles of Co-operatives**

Values: Cooperatives are founded on the principles of self-help, self-reliance, democracy, equality, equity, and solidarity. Cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others, as did their founders.

Principle: At the moment, the cooperative principles are nothing more than the cooperative identity statement, which was approved at the Manchester Centennial Congress in 1995. (Abadi & Hailu, 2013). Cooperative Identity Statement, 1995: Concerns have been raised among cooperators in recent years about a serious erosion of cooperation values, which was echoed at the 1992 ICA Tokyo Congress. As a result, the Congress recommended that the ICA Executive Committee initiate the process of reviewing the current ICA Cooperative Principles as amended in 1966 and making recommendations for possible changes. As a result, the draft was approved by the ICA General Assembly in Manchester in September 1995, including the statement of Cooperative Identity, which includes a definition, values, and principles. The following is the poster of ICA on Statement on the Cooperative Identity,

#### **i. Voluntary and open membership**

Cooperatives are non-profit organizations that welcome people regardless of

gender, race, or financial situation. The cooperatives are dedicated to their members' financial well-being rather than profit. At any time, anyone can join or leave the cooperative.

#### **ii. Democratic owner control**

Cooperatives are democratic organizations governed by their members, who actively participate in policy formulation and decision-making. Cooperatives operate on a democratic platform, which means that each member has one vote regardless of their financial situation. Members' voices are heard.

#### **iii. Member economic participation**

Members contribute equitably and democratically control the cooperative's capital. Members are both owners and customers who contribute surplus funds to the cooperative's financial and economic health.

#### **iv. Autonomy & independence**

Cooperatives are self-help organizations controlled by the owners but with each member acting as the boss.

#### **v. Education, training and information**

Cooperatives provide training, education, and information to their members so that they can effectively contribute to the cooperatives' development.

#### **vi. Co-operation among cooperatives**

Financial cooperatives that work together are available when needed. When one collaborates with others who know how to collaborate, one becomes more successful.

#### **vii. Concern for the community**

Cotton, dairy, fruits and vegetables, poultry, and livestock marketing cooperatives are examples of commodities or commodity groups. The primary goal of marketing cooperatives is to market the farm products of their members. Because marketing is a difficult task for farmers, forming a marketing cooperative is critical for commercializing agricultural development and maintaining farm profits.

#### **2.1.4 History of Cooperatives in Nepal**

Nepal has a long-standing history of informal community-based co-operatives. Traditionally, these groups were based on kinship, ethnic and religious bonds. Some of the major traditional informal co-operatives are Guthi, Parma, Dhikuri, and Dharmbhakari has been used from a very beginning in Nepalese societies. Characteristics of these historical social institutions are almost resembled with primary form of co-operatives. For the institutional development of such societies, then government aimed to adopt co-operative system as a means for economic social and cultural development of the people as well as an appropriate and effective tool for rural development. The Department of co-operative under the Ministry of Planning, Development and Agriculture in 1953 AD in order to raise production, level of income, and living standard of Nepali people. After the amendment of new co-operative Act 1992, the co-operative movement has faced totally autonomous environment. After the amendment of new co-operative Act 1992, in 2001, around 20,000 primary co-operatives, 66 district co-operative unions and 127 subjective co-operatives are in operation up to the fiscal year 2066/67. From above numbers of co-operatives and their unions, we can say that the quantitative increment in co-operatives is very good but it is very low in qualitative improvement. Their dimensional organizational strength has not been evaluated for the effectiveness of co-operatives for the strategic planning by the responsible body.

The modern co-operative movement initiated from Rapti Valley (Chitwan District) as a part of flood relief and resettlement program. At the first time 13 credit co-operative societies established in 2013 B.S. were provisionally registered under the executive order of the then government which got legal recognition after the enactment of Co-operative Societies Act 2016 B.S. (1959 A.D.). After the restoration of multiparty democracy, the Sajha Societies Act was replaced again by the Co-operative Act 1992. The Department of Co-operative has provided the authority for registration and regulations of co-operative societies / unions / federations under the Acts.

Concepts of working together for mutual benefit were in practice in Nepal therefore concept of co-operation is not new. Some traditional groups were based on kinship, ethnic and religious bonds. Those indigenous co-operative groups have been in practice from immemorial time. In ancient times, the concept of co-operative emerged

in the form of Parma in hilly region, Dharma Bhakari means religious store a kind of grain bank, Dhikuri in western part, and Manka Guthi in Kathmandu valley which have run for generations to generations to meet the needs of their members through labor exchange, meeting emergencies, providing loans, preserving culture etc.

**Parma:** Parma is a custom of mutual help to each other in farming operations without any monetary transaction. Under this system of voluntary co-operation farmers pool together their resources implement and working hands required for farming activities. This system especially operates in agricultural sector like cultivation, harvesting, sowing etc. Now, it is practiced only in the rural areas.

**Dharma Bhakari:** Dharma Bhakari means a religious store, a kind of grain bank in which each family in the village puts aside certain quantities of food grains according to one's economic capacity and strength, after the end of the harvest season. At the time of scarcity, the quantity of grains is distributed on advance to the farmers. Loan is advance from the grain banks only to the villagers who have contributed to the bank and agree to pay the loan in kind with interest.

**Dhikuri:** Dhikuri is another form of traditional co-operative organization, which is formed by a group of 25 to 30 people with special work in minds. The sponsor members decide the rules and regulation pertaining to the operations of the organization. After making decision, every member required to contribute a certain amount of capital to the working fund. The amount to be contributed is assessed on the basis of financial position of the members when all the members receive loan.

**Manka Guthi:** Manka Guthi is practiced as group farming in Kathmandu valley. Each group is called Mankha Khala and the head of that group is called 'THAKULI' which means the chairman of that group. Informal groups of farmers are formed for doing agricultural operations like cultivations, sowing and harvesting.

There are many types of cooperatives which are contributing in different areas of people to uplift their living standard and minimize the financial problems. As reported in Department of Cooperative, there were 34,512 cooperatives in fiscal year 2017/18. These cooperatives are classified into various types according to their nature and type of work which is shown in the following table with the number of members. (Department of Cooperative, 2018)

Further, there are 1,423 Consumer Cooperatives in Nepal which has 70,725 numbers of members. Then, there is Vegetable and Fruits Cooperative Limited which has 20,2667 numbers of members in total. These members consist of General members and Board Members. Besides, tea products, coffee, herbal products business are also fostering in Nepal and cooperatives to support this business are also fostering currently. These are in the number of over hundred all over the nation. These cooperatives help people to start up business in the aforementioned areas and also invests in those business to earn profit. Tele- communication cooperatives are 143 in number which includes 17,053 numbers of members in total. (Department of Cooperative, 2018)

Health care cooperatives are also less in number although private health care business is fostering in Nepal. Abundant amount of health care is under government control and hence such health care cooperatives are low in number. These health care works in area of health insurance, health care financing, etc. Terai region in Nepal is famous for sugarcane farming. Every year abundant amount of farming is done in this region as cash crop. There are 48 sugarcane cooperatives all over the nation. These type of cooperative help farmers who are engaged in sugarcane farming and invest in sugarcane business. (Department of Cooperative 2018)

The disaggregated data shows that in each type of cooperatives, the number of female members is lower than to the male. In each type of cooperative, the number of females is approximately half of the number of males. (Department of Cooperative, 2018)

### **2.1.5 Cooperatives Regulation in Nepal**

At the first time the cooperative societies Act, 2016 and cooperative regulations, 2018 were enacted for regulation and operation of cooperative societies in the country. The first cooperative law was revised for several times and it was replaced by the Sajha institution Act. 2041. After the restoration of democracy the cooperative Act, 2048 was promulgated for the regulation of cooperative societies/unions in the country. The new Act has provided a sufficient autonomy to the cooperative societies/union to operate various types of business. The preamble of cooperative act has focused on country farmers, artisans, people possessing inadequate capital and low income group, workers, landless and unemployed people or social workers in the basis of mutual cooperation and cooperative principles. In Nepal the authority of registration of cooperative societies/ union lies on the jurisdiction of the register of the Department

of cooperatives. The register of the Department of cooperatives delegates his authority to other officers to enforce the various legal provisions including registration. (DEOC, 2010)

According to the cooperative Act, 2048 every primary cooperative society has limited liability needs at least 25 persons from different families for legal existence. But there is no limitation of membership distribution for any society. The cooperative movement of Nepal has a federal structure having the primary cooperative society at the bottom, district cooperative union and central cooperative unions at the middle and national cooperative federation at the apex. Cooperative as the third pillar of economy: As mentioned in the Interim constitution 2063, the cooperative sector has been recognized as one of the three sectors of development along with public and private. The government of Nepal has been accepting the cooperative sector as the medium of economic, social, and cultural development from the previous three-year interim plan. (Government of Nepal, 2063)

Budget speech FY 2011-12: The government of Nepal has adopted a policy program to transform the group of people like women, untouchable community, backward and marginalized into the productive force through cooperative. The cooperative propaganda as mentioned by the budget speech “Cooperative in village, employment in every household” for increasing production, reduction of poverty, equality, employment generation in every import substitution, Export promotion of social justice and harmony. For promotion and expansion of cooperatives as a main pillar of economy the government has adopted so many policies through the budget speech like cooperative as a strong pillar by building inclusive economic base and utilizing local resources, capital, and resources. (Ministry of Agriculture and Cooperative, 2009)

Nepal is suffering from many economic problems such as mass poverty, high unemployment, high population growth rate, low per capita income, income inequality, high dependency on agriculture, high dependency on Indian economy etc. that are responsible for the slow economic growth rate. The main goal of developing countries like Nepal is to attain high economic growth rate, reduction of income inequality and poverty and to improve the living standard of the people for sustainable development which becomes main challenges in context of global competitiveness.

Though various institutions are established to uplift the economic development, Cooperative is one of such institutions, which has become suitable and popular business entity for the upliftment of economic development for rural and urban socio-economic and cultural development.

MoF (2017/18) stated that Nepalese economy is estimated to expand by 5.9 percent in the current FY 2017/18. It was 7.4 percent in FY 2016/17. In the current FY, the growth of overall agriculture production is estimated to limit within 2.8 percent mainly because of the paddy production, the major contributor having the share of 20.8 percent of total agriculture production, decreased by 1.5 percent due to unfavorable monsoon and floods in Terai. Due to the improvement in trade and service sector, non-agricultural sector is estimated to expand by 7.1 percent in FY 2017/18. Overall economic activities are oriented towards positive directions as a result of conducive environment in investment due to stable government formed after the election of three tiers of government. (Ministry of Finance, 2014)

## **2.2 Review of Related Studies**

In Nepal, before the initiation of such cooperatives, people used to put their money in banks or invest their money either in purchasing fixed assets or giving personal loans in high interest rate against collateral. But later on, people did not pay back their loans and sometimes not even the interest which they were supposed to pay. Besides these, people began to run away leaving their collateral which was a headache for the investors. There were not any effective rules and regulations. Sometimes, people used to pay back their interest and principal by work or giving them their assets sometimes. And for the investors, they had to show huge amount of capital for starting a business and the banking process were also very long. But after the establishment of Saving and Credit cooperatives, such problems are wiped away. The banking processes are quite faster depending upon the type and the amount of money demanded. There are number of saving and credit cooperatives expanding in Nepal due to lack of effective supervision from concerned authorities of Nepal and hence many cooperatives are bankrupt. There are many cooperatives which are unable to pay not only the deposited money but also the interest for which they have deposited their lifetime savings. (National Cooperative Federation of Nepal, 2018)

Nowadays, such cooperatives have skilled manpower and marketing personnel, so that

they go to door to door to collect the money. In such a way, they collect the scattered money from various sources and provide loans to the needy customers or invest in some profitable business works. Besides these, they can establish their branches through the permission of Department of cooperative or Division Sahakari Nepal and provide services. In this way, saving and credit cooperatives are playing a leading role in both rural and urban areas to collect the money from various people and solve the problem of needed ones which can be considered as a partnership in the economic development of the nation. (Nepal Federation of Cooperative of Nepal, 2018)

Bajracharya (1960) examined that in order to strengthen the financial situation of the societies "the cooperative credit cooperatives were brought into existence and assigned the task of cooperative banking.

Subedi (1991) on the accounting information system of cooperative their defects and difficulties and suggest the measures for improvement. The source of funds in the societies consisted mainly of (i) loans from agriculture development band, (ii) saving and deposits of the members, and (iii) grants and subsidies from the government. But most of them are under the unbearable and almost inescapable loads of bank loans are always booking for the grants from the government has not come forward for assistance.

Sina (1964) extracted Dharma Bhakar as a religious store in kind of grain bank of a popular type, is the next type of traditional rural cooperative. Each family of the village puts a side certain quantities of grain after the end of the harvest season. At the time of scarcity, the quantity of grains thus collected is advanced from the grain bank only to their village who have contributed to the bank and agree to repay the loan in kind with interest. The rate of interest varies from ten percent to twenty-five percent per annum.

It is still another type of rural cooperation, historically it is the first form of cooperative in Nepal and is still practiced in the country. It is socio-economic organization in which farmers, neighbors, friends and relatives work with cooperation to promote their economic and social interest. Parma denotes a customs of mutual help to each other in farming operations without any monetary transaction.



Lal (1974) explained about the development of cooperatives in this way in 1951, when the Rana regime came to an end the country socio economic condition was very poor. The agricultural land on which majority of population depended was controlled by a few big landlords. There was no system of credit of farming and marketing facilities were rudimentary. In spite of this fact Nepal still enjoy, the characteristics of subsistence agriculture and as such population pressure, emphasis on primary products, underdeveloped natural resources and the like are common phenomenon of Nepalese economy. Having realized this government prepared long term planning to develop the economic condition of the people by bringing the scattered resources (human, capital etc.) together and enable them to work with cooperation by establishing co-operatives.

Shrestha (1978) suggested that cooperative are not only a form of entrepreneurship and business organization to gain economic benefit to its owner's but also a social organization – to being about attitudinal change is society which there can't be a real improvement in productivity, production, income re-distribution and quality of life.

Manandhar (1979) concluded that cooperatives are very important instrument for economic, social, cultural and human advancement in developing countries, unless the society is economically better off, many problems may remain in fact, the solution is possible only when the agricultural development enhanced cooperative.

Subedi (1991) explained that a study on the accounting information the use and procedure of keeping accounts, its defects and difficulties in Nepalese cooperative 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 fund in these cooperatives have remained loan from Agriculture Development Bank, saving and deposits of the member and grants and subsidies from the government. But most of them were under the unbearable and almost in capable 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 themselves are being the burden to the country. Subedi has concluded that about seventy percent of the societies are

running loss. The factors were misleading directions, mismanagement, lack of support from the political, lack of relevant accurate, timely and understandable accounting information system of the cooperative in Nepal. This study has suggested to remove the various problems of cooperative movement of the country and for paying due attention development activities and existing irregularities and weakened by establishing a sound accounting information system.

Shrestha (1995) explained about group approach to make the small, needy and proper sections of the society eligible for credit support for gainful activities is a common feature in all of the programs. IDP also does individual financing as well. Poor rural women are focus of Grameen Bikas Bank where as others are gender neutral production of gainful unemployment opportunities, use of local materials, resources and skills and marketing of products with in the area for minimizing the transportation constraints are the common strategies of all the programs. But cooperatives could not touch the finger of the population and at most remained confined only to a few well established points in the country. The slow progress if the cooperative movements in Nepal may be attributed mainly to lack of sufficient capital and administrative difficulties in making and recovering loans.

Koirala (1997) has concluded that Nepal would be self-sufficient and she need depend on foreign loan and if cooperative is developed well. The study has pointed out the problems being faced by the cooperative as such poor management, incomplete records, lack of trained personnel, failure to interact with cooperatives, wrong utilization and wastage of inventories, 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.

Pokhrel (1998) 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 cooperatives societies was nominal in 1956-61 AD which went up to almost one fourth of the population by end of 1988 AD. Practically almost all the village 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 percent cooperative societies have suffered in loss in 1983/84. Out of total societies in loss 41.2 percent societies were of Terai region and 58.8 percent of hill areas. The similar position has been noticed in the preceding years. It shows that comparatively sajhas of hilly region are poorest than that of Terai. The study found some problems faced by the cooperative movement such as lack of education training and fund, lack of spontaneously toward. Cooperation, lack of loyalty, absence of loan services, lack of efficient management, political interference, 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.

Zikalala (2014) studied about the role of saving and credit cooperatives in promoting access to financial services. The study was used both qualitative and quantitative approaches to analyze the data collected from primary and secondary sources. The finding revealed that, saving and credit cooperatives in Swaziland failed to meet international standards of financial stability set for cooperatives. It also transpired from the results that the major challenges faced by financial cooperatives in Swaziland included low levels of skill and competition from commercial banks. Low level of skill is the result of unavailability of educational package.

Miriti (2014) discussed on factors influencing financial performance of saving and credit cooperatives societies. Descriptive research design was used in this study where information was collected without changing the environment. One of the finding from this study was, interest rate charge on loan to members has major challenge to financial performance of SACCOs. The researcher also recommends that the SACCOs should diversify its product to be able to compete perfectly in the market and to meet the demands of its members.

Kifle (2008) studied about the impact of rural saving and credit cooperatives on the business, income, family living conditions and empowerment in the study Ofla Wereda, Tigray region. The study employed various statistical tools like correlation and regression to analyze data. The regression analysis revealed that, the variables education and seniority at SACCOS have significant negative relationship with the

post-SACCO income. The researcher also recommends that diversity lending system, training, member education, increasing the amount of credit, extending the repayment period and relaxing the collateral security needs have been suggested to improve their income, business living condition and empowerment (women) of the members. He also suggests that, the training has to be accompanied by the career development schemes so as to increase their motivation.

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Sharma (1999) aimed to examine comparative financial position SMCSL and NBCSL by analyzing the financial statement. He has concluded that both the cooperative deposit utilization rate is increasingly overall 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. Finally, he has come to a very conclusion that cooperative is only viable means to uplift the socio-economic condition of majority people in Nepal, after the restoration of democracy, national cooperative federation consultative committee has been formed and the committee has conducting different studies to have information about an exact situation of the cooperative in Nepal.

Koirala (2000) presented the two period of cooperative movement comprising the cooperative movement before 1992 AD and the cooperative movement after new cooperative Act 1992 AD. The cooperative movement as stated above 1992. During this period of nearly 4 decades (1952-1992) people could not understand about cooperation, they perceived the cooperative societies and unions as the government organization. Cooperative society and unions could not render their services to their member's effectively. During this period cooperative societies and union were run as per the direction of the government no of their member. The societies and 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 and 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 halfhearted and remain dormant an unsuccessful. The new cooperative Act 1992 and regular 1993 replaced the cooperative Acts and regulations. This Act gave priority to the principles of cooperatives achieved in the number of cooperative society and union as compared to before 1992 situation. Cooperative now have been generated by people's initiation as their own organization different sectors, multipurpose, dairy, saving and credit, transportation, housing, woman empowerment, tourism, insurance, auditing, training and research, community development etc. Acharya (2005) has mentioned that cooperatives are crucial to the economically poor and exploited people. In our country more than 80 percent people live in rural area, which does not have proper and reliable course 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 mobilization that small saving in productive field. It develops feeling of coordination mutual help for self-

help and aids to increase national GDP, per capital income and ultimately support for national development.

Regmi (2002) had tried to emphasis that financial cooperatives are not getting able to collect long term deposit satisfactory as they collect with maturity period of 3 months to 6 years only. They should try to increase public confidence towards them for long term deposit. For the recovery of loan debt, recovery debt is essential in Nepal. Similarly, financial cooperatives need to modify by time and should concentrate in quest and practical services Regmi further adds, in contest of increasing number of financial cooperatives in Nepal, as there are increasing financial crisis in South Asian countries, Nepal should learn the lesson from those countries and timely regulation is essential due to competitive financial market, now a days the cooperatives have to go their clients for providing financial services with new market strategy. Thus, financial cooperatives need to modify their traditional working style as need to modify their traditional working style as needed by changing time and situation.

Bastola (2008) has written that 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 women.

Pokhrel (2009) explained that a comparative study on saving and credit mobilization and financial performance of Royal Cooperative Society Ltd. And Chandikalika Saving and Credit Cooperative Society Ltd is analyzed financial performance in his article. Just only increment of deposit does not give any return to the cooperative. A cooperative should have sound investment policy for the mobilization of the available funds. A deposit is that liability of the cooperative, which is returnable in demand at any time. So, sound investment policy has appeared to be very necessary to the cooperatives. A cooperative mainly focuses on its two function i.e. collection of deposit through various schemes and granting those amounts as loan to the members

by providing various facilities. It is important that the cooperatives deposit policy is the most essential policy for its existence. The growth of cooperatives depends primarily upon the growth of its deposits. The volume of credit mobilization much depends upon the deposit base of cooperatives. Overall financial performance analysis of both the cooperative concludes that RCOSL is stronger than CSCCOSL. But SCCCOSL is also chasing the RCOSL by bringing positive increment in the performance of last year of study period. Deposit is the major organ of cooperative society for its existence. As commercial bank, cooperative also collects small saving of people through various accounts and schemes. Higher the deposit, higher will be the chance of mobilizing that fund in productive sector and generating higher level of profit. Before investing the collected sum, the sound investing policy should be made and loan should be approved if there is proper security of loan and income for repay of loan and interest. More risk more the profit but in the name of profit loan should not be given to the persona where there is high change of default.

Cooperative societies are important for economic development of the country. They accumulate the scattered, money of small businessman, craft man and general public and mobilize that to the needy person of lower middle class. They eliminate middle man in rural area and help in the capital formation. Cooperatives have the responsibility of providing financial as well as technical assistance to the poor people for generating income so cooperative is taken as a device to fill the pit between have and have not.

Pokhrel (2011) analyzed performance of micro finance institution. The estimated value indicates that if credit amount increase by one unit, change in income after credit increase by 0.054315 units. It means that if share of the credit of client is high, it facilitates to increase income, income gives rise to demand for goods and services, demand gives-rise to expenditure, which in turn help to keep up the living standard of client by increasing everyday expenditure in various sector of consumption such as on food, clothing, sanitation, health schooling of children etc.

The estimated value shows that skill development training is another independent variable, which is positively related to change in income after credit. If skill development training increase in one unit, income increases by NRS 1035.319 as compare to the beneficiaries who have not been provided the skill development

training. It means that skill development training is the most important role to raise income. The skill development training helps to increase efficiency and confidence of the clients and they can use resources effectively and can earn more income than the others have not taken skill development training.

It demonstrates that change in their occupation changing in quality of occupation after credit (OCAC). If one client changes his/her previous occupation, he/she may lose Rs 748.2623 as compared to the clients who have not changed his/her occupation. This suggests that training should be provide to them on their adopted occupation to increase the income over new occupation.

This article is able to answers the questions: "What is the change in living standard of people before and after receiving the credit from rural self-reliance fund (RSRF) under different cooperatives in mid-western region in Nepal?" It is true that living standard of people is limited to other intangible aspect making up human life such as leisure, safely, cultural resources, social life, physical, health, environmental quality issue etc. More complex means measuring standers of living are perhaps inherently subjective. As an example, countries with a very small, very rich upper class and a very large, very poor lower class may have a high mean level of income, even though the majority of people have a low "standard of living". This mirrors the problems of living standard measurement. But here income after receiving the credit is supposed to be an indicator of living standard. The comparative analysis the variable such as occupation before and credit, assets building capacity after credit, type of houses before and after credit make it clear, what is the change in living standard of before and after receiving the credit.

Saving refers to the total income, which is more than the expenditure of the individual. Basically, saving can be divide into two parts voluntarily saving and compulsory saving. Among deposited in different account of cooperative organization and commercial bank is the example of voluntary saving. Capital formation is possible through collecting scattered unproductive and small saving from the people. This collected fund can be utilized in productive sector to increase employment and national productive. Deposit (credit) mobilization is the most dependable and important source of capital formation.

Bastakoti (2011) has claimed that cooperative is an effective way for women



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

Parajuli (2011) has stated that cooperative provides microfinance in the form of credit to individuals and groups with limited resources. Microfinance has improved family's wellbeing by increasing household's food sufficiency level, assets accumulation and children's education. It has been credited with: empowering women increasing their self-confidence and decision making power, enhancing family status and family cooperation. Moreover, the access to credit not only gave women opportunity to contribute to the family business but they could also deploy it to assist the husband's business which increased their prestige and influence within the household. Micro loans have enable women to start non-farm activities particularly, petty trade.

Bishow Mohan Acharya has mentioned in his article "Transparency in co-operatives: Essential for good governance." Co-operatives 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 co-operative 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 co-ordination mutual help for self-help and aids to increase national GDP, per capita income and ultimately support for national development. (Acharya, 2064)

Maheshwor Sharma Poudel, Registrar of Department of Co-operatives has mentioned

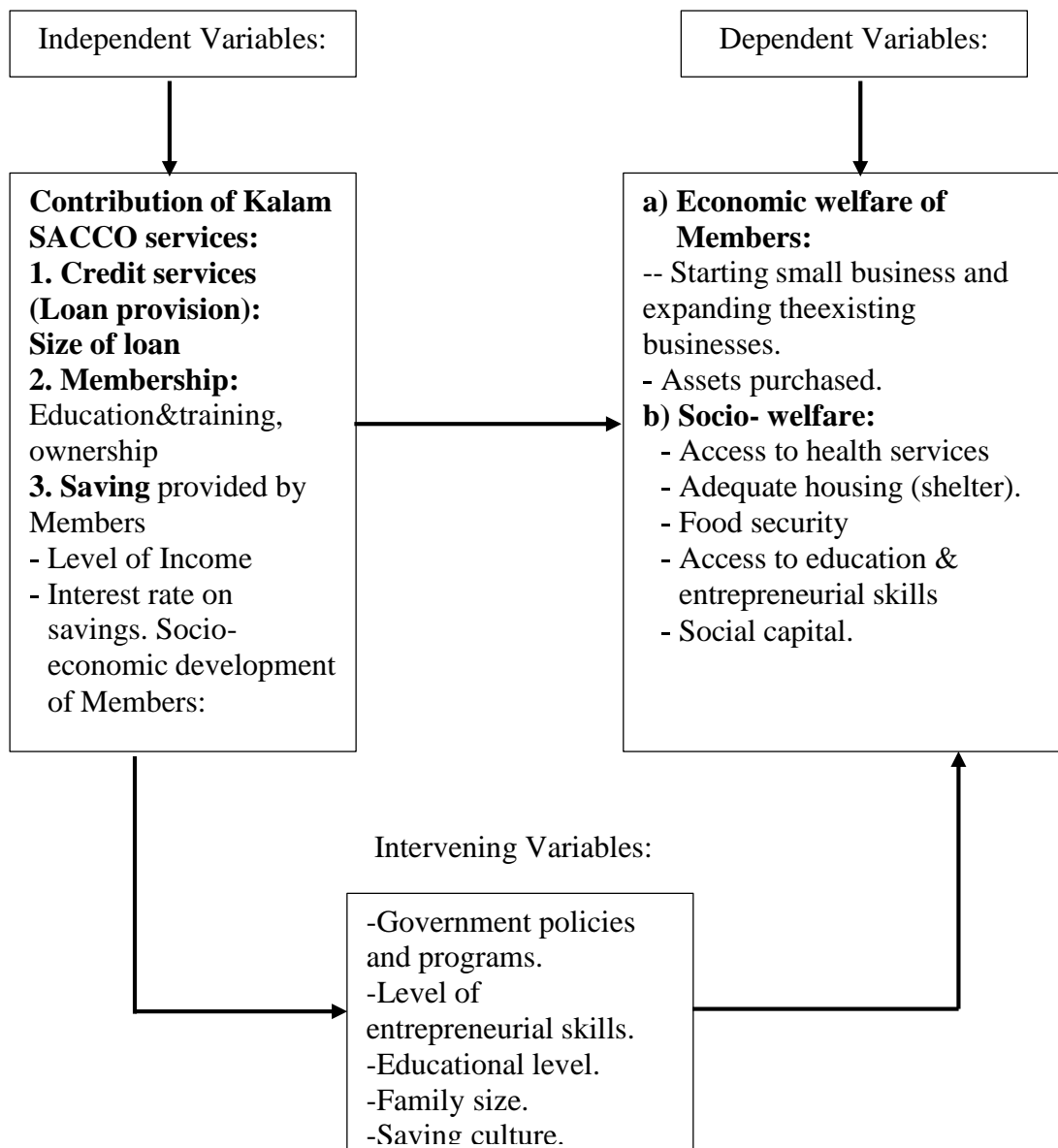
in to the message of An Anatomy of Co-operative Movement in Nepal of 2010 by Chandra B.Thakuri “Co-operative are business organizations operated by farmers, workers, handicraft worker, porters, landless poor, unemployed, marginalized people and social workers for the economic and socio-cultural development of their members. Co-operative societies and their umbrella organizations are autonomous concerns operated by producers and services users spontaneously. Development of competitive capacity of small producers and service users through co-operatives is indispensable in Nepal. It is inevitable to generate income of the marginalized people using the indigenous knowledge and skill in creating entrepreneurship, bulk production and profitable selling.” (Poudel, 2010)

**Research Gap:** There are lots of literature source available regarding cooperative and its socioeconomic contribution. But there is lack of studies concentrating in Pokhara Metropolitan City on socio-economic contribution of the cooperative. Therefore, this study is an attempt to light throw in this study area.

### **2.3 Conceptual Framework**

The conceptual framework below shows the inter-relatedness and inter-connectedness between the independent and dependent variables which shows the socio economic conditions of the Kalam SACC and how it has impacted in improving members' socio-economic development.

The model of conceptual framework shows the relationship between independent and dependent variables. During this study, this model was used but some aspects were left out due to limited data available, therefore, the researcher will adopt some elements of the above model. The independent variable in the study is contribution of services conceptualized as loan provision including size of loan obtained by respondents, membership which find out Education & training, ownership and Saving habits of members. Dependent variable (Socio-economic development Indicator measured in terms of members ‘level of income, education level, assets owned, ...) and; intervening variables such as family size, government policies & programs, level of education) The dummy variables can have an effect on the dependent/independent variables as elucidated above.



**Figure 2.1: Conceptual framework**

*Source:* Adapted from MC Cleland (2007) cited in Aime Muyombano et al., (2016)

The model further shows that there are intervening variables such as government policies and programs, education level, family size, etc. which can have a counteracting effect on the dependent variable and on their socioeconomic development. Kalam saccos is assumed to have positive effect on member's socioeconomic development, however, this is possible only when members of kalam saccos patronize it by effectively saving with, and borrowing from kalam saccos as this will lead to capital accumulation, high incomes, establishing income generating activities, breaking the vicious cycle of poverty and hence improving quality of life of members.

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

This chapter explains the methodology employed in this study. In this chapter, the context of the study is presented, which provides the background against which the findings of the study were assessed from which reliability and dependent conclusions were made. Thus, this chapter provides research designs, population and sampling, nature and sources of data, data collection procedure and data processing and analysis.

#### **3.1 Research Design**

The research is based on descriptive research design. The basic objective of the study is to find out the satisfaction of the cooperative members on activities/program implemented by the cooperative management and its impact on the member's livelihood of the Kalam saving and credit cooperative. So, this research had used quantitative research method to collect information and analyze. Descriptive statistics, which entails the gathering, organization, summary, and presentation of data is done. A structured questionnaire with 5-scaled likert scale was used to measure agree and disagree of the members on cooperative facilities and activity. The change in income and status of the respondent was tested with the Chi-square to test whether the cooperative played significant role in income and status change.

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

The primary objective of the study was to access the satisfaction level of the members in cooperative service, facility and management and the impact in member's livelihood. Thus questionnaire was designed to collect the quantitative data mostly and qualitative information was also obtained to have wider understanding on the study objectives. Mostly primary data were collected through respondent interview. The members of Kalam cooperative were the target audience for the questionnaires. The policy and documents of the cooperative were also studied as secondary sources which was helpful for questionnaire preparation and interview.

### 3.3 Population and Sampling

Members of the Kalam SACCOS are the population of this study. By the end of the fiscal year 2078/79, there were 889 members in the study's target population, including 592 men and 297 women.

The sample number for study was calculated by using an online sample size calculator named Raosoft (<http://www.raosoft.com/samplesize.html>) in which sample size formula was used as:

$$x = Z(c/100)^2 r(100-r)$$

$$n = \frac{N x}{(N-1)E^2 + x}$$

$$E = \text{Sqrt}[\frac{(N-n)x}{n(N-1)}]$$

Where, N is the population size, r is the fraction of responses that you are interested in, and Z(c/100) is the critical value for the confidence level c.

For this study sample size was calculated from 889 member (N), 10% margin of error (E) and 95% level of confidence interval with expectation of 50% response. Thus the sample size was determined as 89.

The sample interviewed were selected through convenient sampling method. The member who visited cooperative during data collection period were randomly selected and interviewed.

### 3.4 Methods of Data Collection

A structured questionnaire comprised of individual general information, agree and disagree on different aspect of cooperative services, facilities and management and change in socio economic condition of the members was used to gather the primary data. The member visiting the cooperative for service during the data collection period were interviewed randomly. The respondent's response was noted in the questionnaire and then entered in excel and further cleaned and verified for analysis.

### **3.5 Methods of Data Analysis**

Data analysis as the process inspecting, cleaning, transforming, and modeling data with the goal of discovering useful information, suggesting conclusion, and supporting decision making.

The collected data after checking validity and reliability was analyzed using excel and social data analysis software SPSS ver 20. The descriptive data frequency, percentage, mean and standard deviation were calculated and results were analyzed and interpreted. Cross tabulation were conducted to measure the change in income and status with general characteristics of the respondents. Further the income level before and after joining the cooperative were compared and change in the level was obtained and further analyzed to check whether the difference is statistically significant or not through Chi-square test using the software. Moreover the change was statistically tested with characteristics of the respondents like education, gender etc. The obtained result was interpreted to understand the impact of the cooperative in member's livelihood.

## CHAPTER IV

### DATA PRESENTATION AND ANALYSIS

This chapter presents the data and results obtained for the survey and interpreted as analyzed. The respondent profile with general characteristics gender, education age, income level, occupation are presented in frequency table. After that the satisfaction of the respondent on the service, facilities and activities of the Kamal saving and credit cooperative are presented as average of likert scale indicating higher satisfaction with higher scale(5). Lastly the change in status of income and livelihood changed through service like saving and loan from cooperatives are analyzed with chi-square test. All the results are explained for wider understanding.

#### 4.1 Respondent Profile

The following section describes the respondents in terms of demographic characteristics; age, gender, marital status, level of education and experience in Kalam Saccos activities. The findings are summarized and presented in Table 4.1 as below.

**Table 4.1**

#### *Respondent Profile*

Profile	Frequency	Percent
1. Gender		
Male	59	66.29
Female	30	33.71
2. Age Group		
Between 18-30	7	7.9%
Between 31-45	36	40.40%
Between 46-60	32	36.0%
61 and above	14	15.7%
3. Marital Status		
Married	79	88.80%
Single	5	5.6%
Widow	4	4.5%
Divorce	1	1.1%
4. Education level		
Illiterate	3	3.4%
SLC/SEE	10	11.2%
+2 or intermediate	22	24.7%
Bachelor	38	42.70%

Master and above	16	18.0%
5. Occupations		
Farmer	6	6.7%
Business	54	60.70%
Government service	6	6.7%
Private Service	14	15.7%
Other	9	10.10%
6. Family size of dependent		
0-2	13	14.60%
3-4	57	64.0%
5-6	15	16.90%
7and above	4	4.5%
<b>Total</b>	<b>89</b>	<b>100%</b>

*Source: Field Survey, 2022*

In total, 89 participated on the survey. Out of which 59 (66%) were male and 30(34%) were female. The respondents were randomly selected from the people who visited cooperatives. Thus, we can assume that nearly three fourth of the visitors who visit cooperative are male, female is less involved on financial transaction. It is obvious that still in our society male are more active for the financial services from the cooperative. The government had implied different policies for promotion of gender balance. Though, the male is exercising more services from the financial institutions. Majority of respondents, 36 (40.40%) were of age group 31-45 years. Similarly, 32 (36%) were from age group 46-60 years. 14 (15.7%) represented age group of 61. The age group from 18-30 yrs. were least participated on the survey, it was only 7 (7.9%). Age plays major role in involvement of individuals in different income generation activities. Cooperatives are medium for saving and credit for them. Deposit and loan facilities provided by the cooperatives linked them for better living and business enhancement. The result can be explained as the most visitors are of age group 31-60, almost 76% in Kalam Cooperative, which implies that cooperative, the people of actively involved in economic activities are utilizing the services from the cooperative. But the age group from young youth (18-30).

The marital status of the respondents was accessed, from which 88.8% were found to be married followed by single, 5.6%, widow 4.5% and divorce 1.1%. Mostly married members are the members of the cooperative. It might be the reason that, married



people are more concern with family security and the facilities of saving and credit provides a security to the family.

From the collected information on education status of the respondent, we can observed that 43% of the respondent are Bachelor graduate and 18% are the Master and above, which implies almost 60% have education lever higher to intermediate. More over 25% have +2 or intermediate education level. Only 11.2% have completed school level where as 3.4% are illiterate. Thus, we can assume that cooperative members are more educated in Kalam SACCOS. The majority people having good education level means better utilization of loan for better living standard. The educated people can plan and invest for good return hence the loan can be pay back on time which is important for cooperative good financial health and service delivery.

As the cooperative is in Pokhara Metropolitan City, which is one of business city in Nepal, the most of the member of Kalam SACCOS is also occupational at Business (60.70%) and Private sector (15.7%). These occupation holders also need much use of money for income generation and require credit for business operation. The respondent in salaried government job and Farmer both were just 6.7% each. As the city has lesser number of farmers, they are also a good earner. The government job holder has regular income and involves on saving and credit for investment on personnel properties like houses, land and education of children.

The main reason for the big numbers of respondents to involve in Kalam SACCOS membership is the facility to save (Compulsory saving) and getting loan at least reduced interest rate for doing business. This implies that members have their own business the flow cash taking loan and saving more for the income generating activities.

The number of the household members of respondents. The number of dependents of a person affects his or her ability to work, to consume and to save, etc. the findings to this question were presented. The majority of respondents have family size with 3-4 family members (64%) followed by those who have dependents between 5-6 i.e. 15 persons (16.90%), those who have dependent between 0-2 represents 14.60% while the minority representing 4.5% have the number of dependents which was 7 and above.

## **4.2 Analysis of Activities and Action of Kalam Cooperatives**

### **4.2.1 Membership Duration of Respondents**

The membership duration for a saving and credit cooperative's member plays a very important role as it raises its ability to save and utilization of loan granted by the cooperative. The results show the membership duration of Kalam SACCOS members.

The Kalam SACCOS was established in 2067 BS. Since then, the cooperative has started saving and credit to the members. Number of changes in the committee members, policies and working procedure had been changes as per time lapse. The members' satisfaction may differ on the number of years he/she is membered in the organization. On accessing the respondent years of involvement, 9 members representing 10.1% are members since more than 10 years, followed by 18 members (20.2%) membered in 4-6 years and 7-9 years each. The most of the respondent i.e. 44 almost 50% are membered just 1-3 years ahead. The cooperative have provision that to take loan member should be older than 3 years. Hence 50% of the respondent are eligible for loan facility.

### **4.2.2 Membership Satisfaction**

Researcher aims to understand the member's satisfaction on the procedure, service and accessibility of the cooperatives. Member satisfaction is very important for sustainable business of the cooperative. Here the researcher utilized coding technique of Likert's scale in order to measure the level of satisfaction of the members by pointing agree or disagree on the given statement of satisfaction. The answers provided by the respondents were coded using a Likert-type scale from one (1) to five (5). In this regard, Strongly Disagree (SD) =1; Disagree (D) =2; Neutral (N) = 3; Agree (A) = 4 and Strongly Agree (SA) =5. The answer obtained from the respondent are averaged and the level of satisfaction is ascertaining. Therefore, a statement whose mean value is between 4.5 and 5 inclusive is rounded to 5 and said to be strongly agree; a statement between 3.5 and 4.4 inclusive is rounded off to 4 and said to be agree; a statement whose mean value is between 2.5 and 3.4 inclusive is rounded off to 3 and said to be Neutral; a statement whose mean value is between 1.5 and 2.4 is rounded to 2 and said to be Disagree, while a statement whose mean value is less than 1.5 is said to be strongly disagree. The *Standard Deviation* used by the

researcher shows the extent to which respondents answers are different from the each other, and in general a standard deviation which is 0.5 and below shows that respondents answers are not far from the mean that is they are very close or similar to each other, while the standard deviation greater than 0.5 shows that regardless of the mean value, respondents provided very different answers on a similar statement.

#### 4.2.2.1 Satisfaction on Membership Procedure of the Cooperative

The respondent was asked the membership becoming is not completed in Kalam SACCOS, where the respondent positively indicating their Agreement (A) in the statement (4.15±1.03). Similarly, the responded also agreed in the statement that the share value is affordable. The share value in the cooperative is 100 and minimum number of shares required to be a member in the cooperative imposed is 1. The responded also agreed that the documents and other requirement to open the account are easy to fulfill in the cooperative. The members indicate that the information and communication procedure of the cooperative members are satisfactory. They agreed on the statement that many people are aware of the services offered by the SACCOS. They also agree the customer care service is good and the location of the Kalam SACCOS is fair. The average score and standard deviation is presented in Table 4.2.

**Table 4.2**

#### *The Agreement of the Respondent on Membership Procedure in Kalam SACCOS*

<b>Respondents' membership condition</b>	<b>Mean</b>	<b>Std. Deviation</b>
It is not complicated to become a member of the SACCOS	4.15	1.03
Share value is affordable	4.29	.76
Requirements to open account are easy to fulfill	4.42	.69
Many people are aware of the services offered by the SACCOS	4.37	.77
There is a good customer care	4.30	.84
The distance to reach to saccos is fair	4.46	.75

*Source: Field Survey, 2022*

#### 4.2.2.2 Satisfaction of Members on Kalam SACCOS Saving Facilities

This section presents the attitude of respondents toward the saving product offered by Kalam in Pokhara metropolitan. Respondents were asked to indicate their attitude in Likert Scale from 1-5 toward savings facilities at SACCOS (Table 4.3). The responded provides agreement to the almost all statement asked for understanding their satisfaction on saving facilities. In average, the responded rated clarity on saving

policies (score 4.47), return of saving on demand (score 4.35), minimum liquidity maintained at cooperative (score 4.33), security of deposits ensured (score 4.36) and fair interest on term deposits (score 4.40). The saving facility and service is one of the key point that the members stick on the cooperative. If the members feel secured and are satisfied more and regular savings can be expected, hence the satisfaction is expected, which is found satisfactory on Kalam SACCOS. Again, this implies that in general all the respondents argued that there no problem of saving facilities at Kalam Co-operative.

**Table 4.3**

***Respondents View on the Saving Facilities at Kalam SACCOS***

<b>Statement</b>	<b>Mean</b>	<b>Std. Deviation</b>
Saving policies are clear and well set	4.47	.91
Members get their savings on demand	4.35	.72
Minimum liquidity is maintained to serve members	4.33	.70
Security of members deposits is ensured	4.36	.77
Members get fair interest on their term deposits	4.40	.86

*Source: Field Survey, 2022*

**4.2.2.3 Respondents View toward SACCOS Loan Facilities**

Similar to above section, the attitude of respondent toward the loan product offered by Kalam SACCOS operating in Pokhara metropolitan are measured through the same Likert scale of five degrees 1 representing strongly disagree, 2 stand for disagree, 3 for neutral, 4 for agree and 5 for strongly agree. The table below presents the findings of respondent's view toward saving facilities offered by Kalam SACCOS.

**Table 4.4**

***Respondents View on the Loan Facilities at Kalam SACCOS***

<b>Statement</b>	<b>Mean</b>	<b>Std. Deviation</b>
Collateral required is affordable	4.46	.93
Kalam offers loans to members at affordable interest rates	4.33	.82
The Loan repayment period is long enough and fair	4.29	.88
Loan is quickly processed	4.35	.95
The loan requirements are affordable	4.34	.87
Loans offered by Kalam are enough	4.28	.83
Loan monitoring is well done by Kalam Staff	4.47	.72

*Source: Field Survey, 2022*

After the observation of Table 4.4 above, it was observed that, the mean value for all statements was above 4 which are rounded 4, the code for Agree. This implied that the majority of respondents who are members of SACCOS have agreed that loans offered by kalam are enough; the loan requirements are affordable, the loan repayment period is long enough and fair and collateral required is affordable. Similarly, respondents are agreed that Kalam offers loans to the members at affordable interest rates, loan is quickly processed and loan monitoring is well done by Kalam SACCOS Staff. Again, the standard deviation for all statements is above 0.5 which means that cooperatives members responses to the statements were not close to each other and every single respondent has provided the answers to each statement according to his understanding to the situation. As Loan is the one of the key factor for satisfaction of the members, Kalam SACCOS loan facility has seen served satisfactorily to its members.

#### **4.2.3 Contribution of SACOOS Activities on the Improvement of Members**

This sub-section highlights the contribution of Kalam SACCOS services on the improvement of member's standard of living. In order to describe the extent to which kalam saccos services have improved the wellbeing of members the researcher used Likert-type scale coding technique during the analysis. In this regard, 5 stands for strongly agree, 4 for Agree, 3 for neutral, 2 for Disagree, 1 which stands for Strongly Disagree were considered for analysis. The following table 4.5 presents the results on Kalam SACCOS activities contributions on member's standard of living improvement. Table 4.5 also shows the contribution of SACCOS loan on the improvement of living standard

**Table 4.5**  
*Contribution of SACOOS Activities on the Improvement of Members*

<b>Statement</b>	<b>Mean</b>	<b>Std. Deviation</b>
Loan allowed me to start an income generating activities which facilitate me to get an additional income out of my monthly salary.	4.53	.74
Loan received from saccos enable me to pay school fees for my children and other school supplies 'they need	4.43	.67
Loan got from kalam enable me to buy house equipment's or furniture such as: chairs, bed, mattress, cupboard, etc which have improved my wellbeing	4.26	.79
Loan enable me to buy my own piece of land that has improved my welfare	4.39	.75

I was able to acquire domestic animals (cow, goat, pig, sheep, hare, hens,) because of the loan I got from	4.47	.77
Loan enable me to acquire means of transport (bicycles, motorcycle, car.)	4.22	.93
Loan helped me to acquire shelter or improve the existing house with install tapped water & electricity to my existing house	4.45	.81
Loan and saving enable me to get meal twice a day satisfactorily	4.36	.73
I'm able to pay Health Insurance and medical expenses because of the loan I got from sacco	4.44	.64
loan enable me to acquire electronic device such as: radio, TV, computer, cell phone, washing machine, etc.	4.61	.66

Source: Field Survey, 2022

The observation from the Table 4.5 shows that, the respondents are strongly agreed that the SACCOS loan allowed them to start an income generating activities which facilitate to get an additional income. Similarly, they are strongly agreed to the statement loan has enabled the respondents to acquire electronic device such as TV, Computer, Cell phone, washing machine, solar etc. The mean value for these statements are 4.53 and 4.61 respectively. The respondent also shows their agreement (score from 4 to 4.5) on other statements as loan received from SACCOS enable them to pay school fees for their children and other school supplies they need; SACCOS loan enable them also to buy their own piece of land that has improved welfare; SACCOS loan enable them to acquire means of transport (bicycles, motorcycle, car bus etc.) and SACCOS loan helped respondents to acquire shelter or improve the existing house with install tapped water & electricity to my existing house, loan got from SACCOS enable them to buy house equipment's or furniture such as: chairs, bed, mattress, cupboard, etc. which have improved my wellbeing, others said, they were able to acquire domestic animals (cow, goat, pig, sheep, hare, hens, dog) because of the loan they got from SACCOS, indeed SACCOS loan and saving enable me to get meal twice a day satisfactorily and some respondents said they were able to pay health insurance and medical expenses because of the loan got from SACCOS. Furthermore, the standard deviation for all statements are above 0.5 which means that respondent's answers were not close to each other but are generally agreed.

### 4.3 Change in Socio-Economic Status of the Members

Cooperative provide saving and credit facilities which directly help an individual to setup their business and increase income. The following section deals with the loan taking frequency of the members, occupation they are related with, income level before and after joining SACCOS and perception on own living standard before and after joining the SACCOS.

#### 4.3.1 Frequency of Loan by the Members

Researcher asked respondents to indicate the number of times they have received loan from SACCOS. The purpose of this question was appropriate the motivation of members to request loans for various activities.

From the responses of the respondent, we came to know that more than half (53%) of the respondent has received loan for a one time only, where as 19% received loan for two times and 11.2% received loan for three and four times. There are some members who took over loan for five and more times. They are 5.6% in numbers (Table 4.6). This implies that loans play a very important role on the improvement of members 'living standards. This is the reason why they want this loan for being invested in different income generating activities for their wellbeing improvement.

**Table 4.6**

*Number of Time Respondents Received Loans from Kalam SACCOS*

Number of time	Frequency	Percent	Cumulative percent
Once	47	52.80	52.80
Twice	17	19.10	71.90
Three	10	11.20	83.10
Four	10	11.20	94.30
Five and above	5	5.60	100
<b>Total</b>	<b>89</b>	<b>100</b>	

*Source: Field Survey, 2022*

#### 4.3.2 Respondents' Income before Joining SACCOS

The monthly income of the respondents was noted in different income level before joining the Kalam SACCOS. The objective is to evaluate the change in income status

of the members before and after joining the cooperative. The table 4.7 below, shows that before joining Kalam SACCOS, the majority 51(57.3%) of respondents were earning in-between NPR 50, 000 to 1,00,000 on monthly basis, followed by 25(28.1%) of respondents who were earning less than NPR 50,000; 12(13.50%) of respondents were earning between NPR 100,000-200,000 and only 1(1.1%) of respondents were earning between 200,000- 300,000; there were no one of respondents have an monthly income above NPR 300,000 . This implies that majority of Kalam SACCOS members were earning NPR 50,000 to 100000 before joining Kalam SACCOS.

**Table 4.7**

***Monthly Income of Members before Joining Kalam SACCOS***

<b>Level of income before joining Kalam SACCOS (NPR)</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative percent</b>
Less than 50,000	25	28.1%	28.1%
50,000-1,00,000	51	57.3%	85.4%
1,00,000-2,00,000	12	13.50%	98.9%
2,00,000-3,00,000	1	1.1%	100%
Above 3,00,000	0	0	100%
<b>Total</b>	<b>89</b>	<b>100%</b>	

*Source: Field Survey, 2022*

**4.3.3 Respondents' Income after Joining SACCO**

Similarly, income level after joining the Kalam SACCOS of the respondents were accessed and presented in table 4.8 below. This section shows whether there was an improvement of members income on monthly basis after joining kalam saccos.



**Table 4.8*****Monthly Income of Members after Joining Kalam SACCOS***

<b>Level of income after joining Kalam SACCOS (NPR)</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative percent</b>
Less than 50,000	3	3.4%	3.4%
50,000-1,00,000	21	23.6%	27% %
1,00,000-2,00,000	42	47.2%	74.2%
2,00,000-3,00,000	16	18.0%	92.2%
Above 3,00,000	7	7.9%	100%
<b>Total</b>	<b>89</b>	<b>100%</b>	

*Source: Field Survey, 2022*

Table 4.8 highlights that only 3(3.4%) of respondents have earned less than 50,000 after joining Kalam SACCOS; 21(23.6%) of respondents were earning between 50,000- 100,000; 42(47.2%) of respondents were earning between 100,000-200,000; 16(18%) of respondents were earning between 200,000-300,000; there only 7(2.2%) of respondents who have earning above 300,000 on the monthly basis. These findings imply that, there was improvement of monthly income earned by members after joining Kalam SACCOS as the rate of respondents with monthly income less than 50,000 has decreased 28.1% to 3.4%, the rate of respondents with monthly income above NPR 300,000 has risen from 0% to 7.9%.

Finally, based on the findings presented above from sections 4.4.2 and 4.4.3, it can be confirmed that Kalam SACCOS loan and income generating activities established by members have a positive effect on the welfare members, in terms of assets acquired, shelter, education and increase of members 'income level. Comparison and Testing of Hypothesis

The change in the income and living standard of the respondents and the socio-economic characteristics of the members are compared to understand whether the change is significant to the socio-economic factor or not. The following section are the result of cross tabs, Chi square test analyzed to understand the effect of factors.

#### 4.3.4 Comparison of Income before and after Joining the Kamal SACCOS

The members get saving and loan facility from the cooperative. With the investment they improved their living. The information collected from the respondent on income before and after shows that they have increased their income. Before the loan there was 25 HH earning under 50 thousand. Which is reduced to 3 after joining the cooperative. Similarly, the members earning 50-100 thousand decreased from 51 to 21. On the other hand, there was 12 HH earning 100-200 thousand before joining the cooperative and now 42 HHs responded that they earn on this range. Similarly, members on 200-300 also increases from 1 to 16 and 7 are increased to range of above 300 thousand. On testing the hypothesis that there is no change in income before and after joining the cooperative, the Chi-square test result shows that there is significant difference in the number of member at different level before and after the cooperative membership ( $\chi^2 = 61.37, p < 0.001$ ).

**Table 4.9**

*Comparison of Income before and after joining the Kalam SACCOS*

Income Before	Income after											
	Upto 50 Thou		50-100 Thou		100-200 Thou		200-300 Thou		Above 300 thou		Total	
	Number	Row %	Number	Row %	Number	Row %	Number	Row %	Number	Row %	Number	Row %
Upto 50 Thou	3	12	14	56	8	32	0	0	0	0	25	100
50-100 Thou	0	0	7	13.7	31	60.8	11	21.6	2	3.9	51	100
100-200 Thou	0	0	0	0	3	25	5	41.7	4	33.3	12	100
200-300 Thou	0	0	0	0	0	0	0	0	1	100	1	100
Total	3	3.4	21	23.6	42	47.2	16	18	7	7.9	89	100

Source: Field Survey, 2022

#### 4.3.5 Change of Status Vs Years on Involvement in the Cooperative

The respondent response on their perception to change of their living standard was cross tabbed with the number of years they joined the cooperative. The result observed that the 80-member (89.9%) felt their living standard improved and 9 members (10.1%) status remain constant. There is no one whose status is deteriorated. On looking the change against the years, 95.5% who is involved in-between 2067-2069BS felt that their status is changed whereas 88.9% of members

from 2070-2073 felt their life was changed and 77.8% and 88.9% changed their life who has joined cooperative in 2074-2076 and 2077-2079 BS respectively. Hence, we can say that the most of the HH has improved the living status with the cooperative involvement. The Chi square test resulted that there is no significance difference ( $p < 0.218$ ) on how many years the member joined the cooperative for change on their status.

**Table 4.10**

***Change of Status Vs years on Involvement in the Cooperative***

Involvement in Kalam SACCOs (years)	Status Change					
	Improved		Constant		Total	
	Count	Row N%	Count	Row N %	Count	Row N%
2067-2069	42	95.5%	2	4.5%	44	100%
2070-2073	16	88.9%	2	11.1%	18	100%
2074-2076	14	77.8%	4	22.2%	18	100%
2077-2079	8	88.9%	1	11.1%	9	100%
Total	80	89.9%	9	10.1%	89	100%

*Source: Field Survey, 2022*

**4.3.6 Respondent Perception towards Change in Economic Status**

The member's income was analyzed by calculating change in income level of an individual from before and after. It has been seen that 85% member increased the income whereas 13 (14%) remain constant.

**Table 4.11**

***Change in Income of the Members***

Income improved	Count	Column N %
Constant	13	14.6%
Improved	76	85.4%
Total	89	100%

*Source: Field Survey, 2022*

In table 4.12, the changed income was cross tabbed with different characteristics of the respondents. The respondent from different education level's income is changed. Mainly income of illiterate, SLC/SEE and Bachelor level is change above 90% where

as 81% Master level respondent's income changed. Lowest 72% of +2/intermediate responded change in the income. In case of occupation, government service holder changed income level by 100%, except government service holder in-between 83% to 85% of all other occupations, farmer, business and private had improved income. Number of dependent wise also almost 80% of the respondent income is increased.

Looking to year of joining, only 72% of respondent joining in year 2074-76 realized changed income whereas respondent above 88% joining on other years reported change in income. The changes in income against education level, occupation, family dependent number and year of joining are not significantly different on testing chi-square.

**Table 4.12**

***Income Changed vs Characteristics of Respondent***

		Income improved						Chi-Square	Df	Sign.
		Constant		Changed		Total				
		Count	Row %	Count	Row %	Count	Row %			
Education level	Illiterate	0	0	3	100	3	100	5.106	4	.277 <sup>a,b</sup>
	SLC/SEE	1	10	9	90	10	100			
	+2/Intermediate	6	27.3	16	72.7	22	100			
	Bachelor	3	7.9	35	92.1	38	100			
	Master above	3	18.8	13	81.3	16	100			
	Total	13	14.6	76	85.4	89	100			
Occupation	Farmer	1	16.7	5	83.3	6	100	1.320	4	.858 <sup>a,b</sup>
	Business	9	16.7	45	83.3	54	100			
	Government services	0	0	6	100	6	100			
	Private Services	2	14.3	12	85.7	14	100			
	Others	1	11.1	8	88.9	9	100			
	Total	13	14.6	76	85.4	89	100			
Number of dependent	0-2	2	15.4	11	84.6	13	100	.774	3	.856 <sup>a,b</sup>
	3-4	9	15.8	48	84.2	57	100			
	5-6	2	13.3	13	86.7	15	100			
	7 and above	0	0	4	100	4	100			
	Total	13	14.6	76	85.4	89	100			
Duration of involve in cooperative	2067-2069	5	11.4	39	88.6	44	100	3.139	3	.371 <sup>a</sup>
	2070-2073	2	11.1	16	88.9	18	100			
	2074-2076	5	27.8	13	72.2	18	100			
	2077-2079	1	11.1	8	88.9	9	100			
	Total	13	14.6	76	85.4	89	100			

Source: Field Survey, 2022

#### 4.3 .7 Standard of Living of Respondents after Joining Kalam SACCOS

The respondents were asked to indicate whether in general there have been improvements in their standard of living after joining kalam saccos. The findings to this question were summarized and presented in the following Table 4.13.

**Table 4.13**

*Standard of Living of Respondent after Joining Kalam SACCOS*

Statement	Frequency	Percent	Cumulative percent
My living standard remained constant	9	10.1%	10.1%
My living standard has improved	80	89.9%	100%
Total	89	100%	

*Source: Field Survey, 2022*

The table 4.14 above indicates that, the majority 80 (89.9%) of respondents confirmed that the members has improved their standard of living, while only a minority 9(10.1%) of respondents were undecided with this statement by saying that their welfare remained constant since they decided to join Kalam Saccos These findings implied that members has improved the standard of living by the majority of 89.9% of respondents and those who are undecided are counted in the group of members who joined this saccos for the period between 1 to 12 years only.

Again, according to the research findings, the standard of living or welfare of members residing in Pokhara metropolitan have greatly improved. Because by being members of Kalam SACCOS, members are able to obtain loans that enable them to educate their children and get involved in activities that empower them economically. The loans enable members to smooth their cash flows and also enable them to save for future investment and consumption. This proves the fact that Kalam has positively impacted on the improvement of household economic conditions since its establishment.

## CHAPTER V

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Summary

The researcher studied all the aspects of Kalam SACCOS on the improvement of members 'socio-economic development. The researcher analyzed all the services offered by Kalam SACCOS which have allowed its members to improve their living conditions or welfare. Data was collected through structured questionnaires and interview guide. The total population concerned by the study was 889 members.. Sample size of 89 respondents was taken. The researcher presented the data by the use of tables. The findings of the study highlighted that; the majority of Kalam SACCOS members used by the study were men 66% with 34% of females. Also the majority of Cooperative members 'age is between 31 to 45 years (40%) followed by 46-60 years (36%) which shows that majority of respondents were in active age group or productive group. Furthermore, the majority 88.80% of respondents were married. The majority of respondents attended Bachelor with certificate 38%, 3% are illiterate. 54 (60.70%) of respondents which represents the majority were the business, The majority of respondents have the size of dependents which are in between 3 and 4 family members (64%) followed by those who have dependents between 5 and 6 persons (17%). In the study, 49.4% of the respondent was 1-3 years older member whereas 4-6 and 7-9 years older members are 20% each.

The general objective of the study was subdivided into three specific objectives that guided the study during the data collection. The specific objectives were formulated as: (1) to determine the type of contributions generated by Kalam SACCOS activities (services) to its members; (2) To assess the income generating activities generated by members and their contributions on the improvement of their standard of living and (3) to evaluate the relationship between Kamal SACCOS services and the socio-economic development improvement of beneficiaries.

The researcher formulated the corresponding following research null hypotheses (Ho) based on the specific objectives: (i) Saving and credit cooperatives 'loan and income generating activities established by members have not a positive effect on the welfare

of members, in terms of assets acquired, shelter, education and increase of members 'income level. (Ho); (ii) Saving and credit cooperatives 'activities (services) have no significant effect on members 'monthly income, in terms of membership duration, credit received and saving. (Ho); and (iii) There is no an existing of a statistically significant relationship between Kamal SACCOS services and the standard of living improvement of members (Ho). The summary of the findings for each specific objective are given below:

i. The study revealed that, in general respondent have agreed that, it is not complicated to become a member of the Kalam SACCOS, share value is affordable, requirements to open account are easy to fulfill, many people are aware of the services offered by the Kalam SACCOS and the distance to reach to Kalam SACCOS is fair, there is a good customer care at co-operative. While, the question related saving facilities with Kalam SACCOS, the mean value for all statements were in between 4.22 to 4.47, revealing agreement to the statements. This implies that in general respondents have agreed that minimum liquidity is maintained to serve members and the security of members, deposits is ensured at Kalam SACCOS, saving policies for Kalam SACCOS are clear and well set, members 'get their savings on demand and that members get fair interest on their term deposits.

The findings related to loan facilities, it was observed that, the mean value for all statements except was between 4.28 and 4.47 which are rounded 4, the code for Agree. This implied that the majority of respondents who are business holder of Kalam SACCOS have agreed that loans offered by Kalam SACCOS are enough; the loan 's collateral requirements are affordable, the loan repayment period is long enough and fair and collateral required is affordable. Moreover, they agreed Kalam SACCOS offers loans to members at affordable interest rates, loan is quickly processed and loan monitoring is well done by Kalam SACCOS Staff.

On stating, contribution of Kalam SACCO activities on the improvement of members, the findings reveal that, the mean value for the first and last statements were 4.53 and 4.61 respectively which were rounded to Strongly Agree. This implies that the respondents have agreed that Kalam SACCOS loan allowed them to start an income generating activities which facilitate them to get an additional income out of my monthly salary and loan enable me to acquire electronic devise such as: radio, TV,

computer, cell phone, washing machine, etc.

Again, the mean values of the other statements are in between 4.22 to 4.47. This implies that in general respondents have agreed that loan received from Kalam SACCOS enable them to pay school fees for their children and other school supplies they need; Kalam SACCOS loan enable them also to buy their own piece of land that has improved my welfare; Kalam SACCOS loan enable them to acquire means of transport (bicycles, motorcycle, ...) and Kalam SACCOS loan helped respondents to acquire shelter or improve the existing house with install tapped water & electricity to my existing house. because of loan got from Kalam SACCOS enable me to buy house equipment or furniture such as: chairs, bed, mattress, cupboard etc. which have improved my wellbeing, others said, they were able to acquire domestic animals (cow, goat, pig, sheep, hare, hens,...) because of the loan they got from Kalam SACCOS, indeed Kalam SACCOS loan and saving enable me to get meal twice a day satisfactorily and some respondents said they were able to pay health insurance and medical expenses because of the loan got from Kalam SACCOS and finally, Furthermore, the standard deviation for all statements are above 0.5 which means that respondents' answers were not close to each other. The study revealed that: the members/beneficiaries of the SACCOS were noted to have been able to lead a better living, had increased their incomes through the establishment of income generating activities; mobilized savings and opened personal bank accounts; managed to purchase household property such as furniture, land, houses, solar equipment, beds and beddings, clothes and food. Hence, as it can be seen from the aforementioned projects, it is indeed the acquisition of capital from the SACCOS that enabled the respondents to start up the indicated income generating activities which led to the increment of their respective incomes.

ii. The findings related to this question revealed that most of respondents are involved in business activities 61%, followed by private sector jobs. commerce (trade) 16%, 7%-7% of respondents are engaged in Farmer and Government services whereas 10% are engaged on other occupation. Indeed, the majority of loans were oriented in business and home purposes because the cooperative working area is in city. The income of the respondent before and after being the members were asked. The result shows that there was 25 members earning below NPR 50,000 which was reduced to only 3 after joining the Kalam SACCOS, moreover, it reduced from 51 to 21



members who were earning NPR 50 thousand to 100 thousand in a month. Which was clear indication that members are increasing the income with involving the cooperative. The member earning to 100-200 thousand was 12 before and increased to 42 after joining the cooperative whereas there was a single member earning 200-300 thousand before and change to 16. Moreover, there was none earning above 300 thousand but 7 of them were earning more than 300 thousand after joining the cooperative. Hence, we can say that cooperative is playing positive role in supporting individual member to earn more. The change was significant at 5% level of significance when tested by Chi-square test.

Similarly, the 80 (90%) respondents give verdict that their status has improved and rest 10% said it was constant which a good satisfaction towards the cooperative services is again. In case of income as 76 (85%) revealed their income is improved and 13 (15%) revealed it as constant. The income changes were not significant to the socio-economic variables like, education, Occupation, Number of dependent and number of membership years. This implies the cooperative has equal effect to all the members irrespective of the characteristics.

## **5.2 Conclusion**

Nepal government has considered cooperatives as major priority area for economic uplift of the people. It directly links and work for the people. Poverty alleviation programs established by the government can be effective and efficient if and only if saving and credit cooperatives work towards increasing the economic behaviors. Kalam SACCOS is an important financial institution for providing financial services to marginalized communities and must be harnessed to help alleviate poverty and providing the improvement of welfare and their respective households. Based on the study findings presented in chapter five of this paper, the researcher has been able to achieve the pre-set objectives and concluded that Kalam Saving and credit cooperative 'activities have slightly contributed to the improvement of the standard of living of members.

Again, the findings of this paper have enabled the researcher to confirm the three-pre-set hypothesis. The study has revealed that Kalam SACCOS services or activities mainly membership condition, credit or loan and saving products have positively contributed to the improvement of members socio-economic status by helping them to

increase their monthly income or additional income out of their monthly salary, acquired assets, establish small income generating activities, access to education and medical care, pay school fees of their children, renovate their existing shelters or acquiring their own shelters.

Moreover, findings of the study helped the researcher to conclude that, Kalam SACCOS activities improved the wellbeing of its members as argued by the majority of 90% of respondents and because by being members of Kalam SACCOS, members are able to obtain loans and pulling savings that enable them to educate their children and get involved in activities that empower them economically. Thus, after they have joined Kalam SACCOS, their lives improved and they have recovered their lost social dignity. The study findings showed that, today, Kalam SACCOS member are able to access loan for several purposes.

### **5.3 Recommendation**

Based on the findings and analysis of data, the following recommendations were formulated for future betterment of Kalam SACCOS members as well as Kalam SACCOS itself and to the relevant stakeholders.

- i. Members should also request for loans and to utilize the loan obtained effectively and efficiently in order to develop their household and the country in general and to repay the loan on time in order to contribute to the performance. Members encouraged to study the operation of the Kalam SACCOS before accessing its services and also support each other with skills, supervision and monitoring as a team. Members also should get more investment opportunities instead of only one, having a small income generating activity before borrowing the money and not to use credit to start investments but rather to expand or diversify investments.
- ii. Kalam SACCOS should review their internal regulations and loan requirements as guidelines to all members before accessing to loans. This will help these low-income earners to boost their economic activities for the better of their livelihood. Kalam should provide frequent and regular trainings to their members for good management of their loans and reducing loan defaulters' cases at Kalam SACCOS. Loan requirements especially concerning physical collateral security and administrative documents, and guarantors (known as endorsers) asked before

accessing loan. Higher education has been revealed to increase the income and improve the living standard of the members of SACCOS Members should therefore, be encouraged by SACCOS to improve on their current level of education;

iii. The government should develop and formulate a policy that facilitates cooperatives like Kalam SACCOS operations for the sustainability of their members. The government should install or develop appropriate risk mechanisms or system. This protects and guarantees fund from being misused, miss-utilized and unsecured loans cases. It enables them to disburse loans as per the demand of members to increase their income and improved their standard of living; and the study has found that Kalam SACCOS has positively impacted on the improvement of welfare of members and their respective households but the government should subsidize enough loans to these income earners to make the loans more affordable for members, keep assisting cooperatives in saving mobilization to increase loanable funds, assist them in training members on loan utilization, saving culture and business management game.

## APPENDIX I

### *Survey Questionnaire*

A survey on Socio Economic Condition of Cooperative Members with reference to the Kalam Saving and Credit Cooperative Society Ltd. (Kalam SACCOS), Pokhara.  
Questionnaire

#### **Section A: DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS**

Q1. Respondent's age:

- i. 18-25.....ii. 26-40..... iii. 41-60.... iv 61 and above....

Q2. Respondent's gender:

a) Male	
b) Female	

Q3. Marital status:

a) Single	
b) Married	
c) Divorced	
d) Widow (er)	

Q4. Education level

- i. Illiterate ..... ii. SLC/SEE pass.....iii. +2 pass/intermediate .... iv.  
bachelor pass.  
V master and above pass....

Q5. What is your occupation?

- i. Farmer .... ii. Business .... iii Government services..... iv. Private services  
v. other

Q6. Number of dependent

- a) 0-2 [ ] b) 3-4 [ ] c) 5-6 [ ] d) 7 and Above [ ]

Q7. For how long period have you been a member of the Kalam SACCOS?

- a) 2067-2069 [ ]  
b) 2070-2073 [ ]  
c) 2074-2076 [ ]  
d) 2077-2079 [ ]

#### **activities or services offered to members**

Please, complete the following questions on a scale of **5= strongly agree** to **1= strongly Disagree** **SD=Strongly Disagree; D=Disagree;**

N=Neutral; A=Agree; SA= Strongly Agree Indicate how easy were the conditions to become a Kalam sacco member?

	Statement	1	2	3	4	5
Q8	Membership	SD	D	N	A	SA
1	It is not complicated to become a member of the Saccos					
2	Share value is affordable	1	2	3	4	5
3	Requirements to open account are easy to fulfill	1	2	3	4	5
4	Many people are aware of the services offered by the Kalam SACCOS	1	2	3	4	5
5	The is a good customer care	1	2	3	4	5
6	The distance to reach to Kalam is fair	1	2	3	4	5
<b>Q9.How do you appreciate the Savings facilities at Kalam</b>		<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
7	Saving policies for Kalam are clear and well set	1	2	3	4	5
8	Members get their savings on demand	1	2	3	4	5
9	Minimum liquidity are maintained to serve members	1	2	3	4	5
10	Security of members _deposits is ensured	1	2	3	4	5
11	Members get fair interest on their term deposits	1	2	3	4	5
<b>Q10.How do you appreciate the Loan facilities at Kalam?</b>		<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
12	Collateral required is affordable	1	2	3	4	5
13	Kalam offers loans to members at affordable interest rates	1	2	3	4	5
14	The Loan repayment period is long enough and fair	1	2	3	4	5
15	Loan is quickly processed	1	2	3	4	5
16	The requirements are affordable	1	2	3	4	5
17	Loans offered by Kalam are enough	1	2	3	4	5
18	Loan monitoring is well done by Kalam Staff	1	2	3	4	5

**SECTION C: Contribution of Kalam services on socio-economic status of members after joining Kalam SACCOS**

**Instruction:** Complete the following questions on a scale of 5= strongly agree to 1= stronglyDisagree

	<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Q11</b>	<b>Improvement in Socio-Economic welfare (Standard of Living)</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
1	loan allowed me to start an income generating activities which facilitate me to get an additional income out of my monthly salary.	1	2	3	4	5
2	Loan received from enable me to pay school fees for my children and other school supplies they need.	1	2	3	4	5
3	Loan got from enable me to buy house equipment's or furniture such as: chairs, bed, mattress, cupboard, etc. which have improved my wellbeing.	1	2	3	4	5
4	loan enable me to buy my own piece of land that has improved my welfare.	1	2	3	4	5
5	I was able to acquire domestic animals (cow, goat, pig, sheep, hare, hens,) because of the loan I got from	1	2	3	4	5
6	loan enable me to acquire means of transport (bicycles, motorcycle, ...)	1	2	3	4	5
7	loan helped to acquire shelter or improve the existing house with install tapped water & electricity to my existing house	1	2	3	4	5
8	loan and saving enable me to get meal twice a day satisfactorily	1	2	3	4	5
9	I'm able to pay Health Insurance and medical expenses because of the loan I got from	1	2	3	4	5
10	loan enable me to acquire electronic devise such as: radio, TV, computer, cell phone, etc.	1	2	3	4	5

<b>Q12</b>	<b>What is the number of time have you received loans from Kalam SACCOS?</b>					
A	Once <input type="checkbox"/>					
B	Twice <input type="checkbox"/>					
C	Three times <input type="checkbox"/>					
D	Four times <input type="checkbox"/>					
E	Five times and above <input type="checkbox"/>					
<b>Q13</b>	<b>Monthly income of members before joining Kalam Saccos</b>					
A	Less than 50,000 Frw					
B	Frw 50,000-Frw 100,000					
C	Frw 100,000- Frw 200,000					
D	Frw 200,000- Frw 300,000					
E	Above 300,000 Frw					
<b>Q14</b>	<b>Monthly income of members after joining Kalam SACCOS</b>					
A	Less than 50,000 Frw					
B	Frw 50,000-Frw 100,000					
C	Frw 100,000- Frw 200,000					
D	Frw 200,000- Frw 300,000					
E	Above 300,000 Frw					

**Q15. Indicate your standard living after joining Kalam SACCOS:**

- A. My living standard remained constant
- B. My living standard has improved

**Thank you for your cooperation.**

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