

CHAPTER - I

INTRODUCTION

1.1 Background of the Study

Nepal is a multilingual, multicultural, multiethnic and democratic republic country located on the southern lap of the Himalayas. The country is bordered by two most emerging economic powers of the world: China in the north and India on the east, west and south. A landlocked country, Nepal is the home to natural beauty with rich bio-diversity.

Nepal is agro-based country till now. A majority of Nepali people still depend on agriculture, which has remained the major mode of employment and source of income generation. The agriculture sector still has the largest contribution to the country's Gross Domestic Product (GDP).

The main goals of developing countries like Nepal are to attain high rate of economic growth, to reduce poverty as well as income inequality and to improve the living standard of people. As an agricultural country, Nepal's first priority should be the development of agriculture sector. Though various institutions have been established to promote economic development, the co-operative sector has become a suitable and popular business organization for the upliftment of economic development in Nepal.

Co-operatives are business organizations operated by farmers, workers, unemployed, marginalized people and social workers for the economic and socio-cultural development of their members.

The word "Co-operative" is comprised of two terms: "Co" and "Operative". "Co" stands for together and "Operative" stands for working. In simple terms, cooperative means the practice of living together, thinking together and working together for mutual benefit of their members. A cooperative is also a tool for group business as per the needs its members. It is a method of doing business by using skills and knowledge of its members, investing capital to develop their businesses as an industry and selling their production of goods and services. Experts, however, have differing views on

cooperatives. Keshav Badal claims that "Cooperative is a firm owned, controlled and operated by a group of users for their own benefit. Each member contributes equity capital and shares in the control of the firm on the basis of one-member, one vote principle" (and not in proportion to his or her equity contribution.) (Badal, 2007)

The concept of cooperative emerged in 1844. Rochdale Pioneers, the real founder of modern cooperative movement, developed the principle in the form of revolution for the development of cooperative. Their principles came to be known as the Rochdale Principles of Cooperation and have been discussed in cooperative literature throughout the world.

In the context of Nepal, the Agriculture Ministry for the first time realized the necessity of a cooperative department in 1953 or 109 years after the revolution of Rochdale Pioneers. The objective of such initiative was to raise production, level of income, living standard of people and free the farmers from exploitation. After the restoration of democracy in 1990, Cooperative Act 1991 and Cooperative Rules 1992 were promulgated, providing autonomy to the cooperative sector in real sense. After the amendment to the new Cooperative Act in 1992, around 13,000 primary cooperatives, 121 district cooperative unions, 78 subjective cooperative unions and one national cooperative bank (in 2004) were in operation up to first six months of fiscal year 2011.

Caldron Saving and Credit Cooperative Limited was established on 14th Poush, 2066 BS. It has already completed five years providing various services to its members. Now it has 120 creditors from various sectors. The main purpose of the establishment of the cooperative is to create employment opportunities, collect more saving and invest in proper way for the economic development of its members.

The history of cooperative sector in Nepal shows that Bakhanpur Credit Cooperative was first such institution established in the country. It was established on April 2, 1957. The National Cooperatives Day is marked on the same day every year.

Realizing the significance of the sector, the government of Nepal in fiscal year 2011/12 adopted the strategy of supporting and enlarging cooperatives as one major pillar of the economy. To achieve this, the government has also adopted the slogan of "Cooperatives in every village and employment in every house". Likewise, 2012 was

also celebrated as the International Cooperative Year. Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. As per the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

After the restoration of democracy in 1990, new cooperative act 1991 and new cooperative rules 1992 are promulgated providing autonomy to the co-operative sector in real sense. There emerged conclusion in registering new co-operatives and managing the old ones in terms of new provision. Most of the cooperatives registered were agriculture in types with the hope of selling chemical fertilizers supplied by the government imported from different countries. There are so many types of cooperative in practice in Nepal. Single–Purpose cooperative have an advantage to deal with credit and the work of such credit cooperatives has to be coordinated with several others public agencies such as agricultural extension fisheries, small and medium industries. The experience of Grameen Bank in Bangladesh is particularly important because is focus on the rural poor, the landless and other small artisans to help in their credit operation through small group operation.

1.1.1 Cooperative Principles

The ICA statement on cooperative identity definition:

A cooperative is an autonomous association of people united voluntarily to meet their common economic, social cultural and aspiration needs through jointly owned democratically controlled enterprises.

i) Values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity, in the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

1.1.2 Types of Cooperative

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in real sense. There emerged conclusion in registering new cooperative and managing the old ones in terms of new provision. Most of the cooperatives registered were saving and credit, agriculture in types with the hope of selling chemical fertilizers supplied by the government imported from the different countries. There are so many types of cooperative in practice in Nepal. Single purpose Cooperative has an advantage to deal with credit and the work of such credit cooperatives has to be agricultural extension. The experience of Grameen Bank in Bangladesh is particularly important because is focus on the rural poor, the landless and other small artisans to help in their credit operation through small group operation.

The cooperative registered in the country in terms of board division are of following types.

1. Multipurpose Cooperative

The multipurpose cooperatives are involved in multiple-subject functioning such as collection of saving deposits, loan distribution to members, running small consumer store, collecting members' production and selling them in market. They are also involved in purchasing of farm inputs like chemical fertilizer, chemical pesticides and farm equipment. Though multi-subject cooperatives can perform any type of business, it is suggested that the activities should provide self-employment and income generation to their members.

2. Single Purpose Cooperative

Single Purpose or single function cooperatives are those cooperatives involve in single subject. The cooperatives are working as single subject in the area of saving and credit, milk producer/grower dairy, vegetables grower, coffee producer, tea producer fish-pond farming etc. But most of the single subject cooperatives including saving and credit (SACCOS) cooperatives are operating the business of collecting member deposits and provide loan to the members.

3. Producers' Cooperative

The producers' cooperatives registered in large numbers are milk producers' cooperatives. The producers collect deposits from the payment amounts members get selling their product to market through cooperatives. The producers' cooperatives were first promoted by the Veterinary Department and the Dairy Development

Corporation. The cooperatives operating businesses related to agriculture forestry, animals, spices and herbs, dry-meat and potatoes are categorized under the heading of agricultural producers' cooperatives. Most of such cooperatives are related basically to agriculture and farm-related sectors. However, there are no separate marketing cooperatives in Nepal.

4. Service Provider Cooperative

Saving and credit cooperatives are being established in the urban areas after 1992. INGO/NGOs working in semi-urban and rural areas are also registering cooperatives involving community members and groups operating under their programs. Cooperatives established while running development programs near the big cities areas and urban centers have become helpful to locals after such programs are phased out.

1.2 Statement of the Problem

In Nepal, there are various types of cooperatives. The types of cooperatives are saving and credit, multipurpose, dairy consumer etc. They all have some problems because of our economic condition. In Nepal, agriculture is the primary sector and backbone of the economy. It provides basic necessities for the existence of people. It has an important role in the economic development of the country. Development of agriculture in Nepal denotes the shift of deep-rooted subsistence farming towards commercial one. The governmental and non-governmental organizations/institutions provide various types of donations and help for the agriculture sector. But the targeted results have not been achieved yet. In this context, the cooperative sector also gives loans and donations to its members to help them carry out various economic activities.

The cooperatives help improve the economic dynamics of households. Mainly, the cooperatives provide loan facility to their members, by this they utilize the amount in various sectors and generate income. In rural areas, where there is not an easy access to financial institutions, cooperatives are the only financial institutions providing services to local residents.

Cooperative Act 1991 and Cooperative Rules 1992 are very liberal and there is no provision to take action against violators. There is no any clear provision for rejection of registration against cooperative values and principle. There was no separate policy on cooperatives before the commencement of the Three-Year Interim Plan. There is no conducive policy regarding saving and credit, insurance, cooperative hospitals and cooperative schools in periodic plan documents. But the government has accepted cooperatives as a potential business organization for promoting income generation among poor and marginalized people. Still, many farmers, workers, artisans and farm-workers as well as landless people are not participating in cooperatives and benefit as anticipated in the preamble of the Cooperatives Act 1992 is not far reaching (Thakuri, 2010).

The people or members of cooperative borrow the loans from cooperatives. They borrow the loans from cooperatives. They borrow loans in different objectives. There is mutual agreement between loan borrower and giver. But the payment rate is very fluctuated. Some member borrows the loan in one objective and used it in other sector. By this, they couldn't return the loan in time. It becomes the main problem in cooperative sector. But, at the same time the cooperatives claims our payment status is good. And we play vital role to improvement the household economic dynamics of villagers.

The role of central level cooperative organization is to tackle with various problems faced by its primaries in various sectors. Mainly saving & credit cooperatives face the problem of payment which is called "Bad loans". Some of the cooperatives have collapsed due to this problem. In Kathmandu district, there are many saving & credit cooperatives. Generally we presume they are running well. In this context, the main thrust of this research is to study condition of the cooperative under study with relation to its loan payment.

Research problem can be presented as follows:

- a) What are the various sectors in which Caldron saving and credit co-operative has provided loan?
- b) How the creditors are paying their credit?

1.3 Objectives of the Study

The main purpose of this research is to analyze the overall status and activities of Cooperative in Nepal. Especially Caldron Saving and Credit Cooperative in Kathmandu. The specific objectives of the study are as follows:

- i. To identify and analyze the various sectors in Caldron saving and credit cooperative has provided credit.
- ii. To examine the payment system of the creditors of Caldron.
- iii. To identify the impact of cooperative activities on Caldron members.

1.4 Significance of the study

This main purpose of the study is to reflect the cooperative development in Nepal. The study has relevance and justification in the present context. A number of research works have been carried out on agricultural cooperatives. These cooperatives have their own unique nature, coverage and limitation. Cooperatives in Nepal have become autonomous after the Cooperative Act 1992. Furthermore, this study is important to find out the actual situation of cooperatives in the selected areas. Despite the fact that UN Summit of 2009 the International Cooperative Year for 2012 and Higher Secondary Education Board included the cooperative knowledge in its curriculum, such initiatives alone cannot address the problem of cooperative in real sense. This study consists of explorations and inspections of the cooperative sector so that its findings will be useful for planners. This study will also be helpful for researchers in this concerned field. Likewise, the government, cooperative members, promoters and general people who want to gain some knowledge about cooperative will also benefit from this research.

1.5 Limitations of the Study

- i. This study is confined to the activities of Caldron Saving and Credit Cooperative Limited. Therefore its results may or may not represent overall cooperative movement in Nepal.
- ii. This study may not be applicable in the macro level because it does not cover the situation of whole Nepal.

- iii. The study is mainly based on primary as well as secondary data.
- iv. Simple statistical tools have been used avoiding rigorous, mathematical tools and techniques.
- v. Time and financial constraints confine the researchers to study still more.

1.6 Organization of the Study

The thesis is organized in five chapters. The first chapter presents introduction to the cooperatives movement in Nepal and its values and principal. The second chapter presents review of available literature on various issues related to cooperatives. Likewise, the third chapter provides research methodology and the fourth chapter presents analysis of data collected through primary and secondary sources. Finally, chapter five or the last chapter presents summary of the thesis, conclusions and recommendations.

CHAPTER - II

REVIEW OF LITERATURE

2.1 Review of International studies

Co-operative is a business organization owned and operated by a group of individuals for their mutual benefits. It is a legal entity which is democratically controlled by its members. Members often have a close association with the enterprise as producer or consumer of its services or as its employees. The motto of co-operative is "each for all and all for each". Cooperative was developed as a universal instrument of creation to release workers from exploitation and retain benefits for themselves. This is primarily motivated for poor people and weaker section of the community. Cooperative is the means of bringing economic and social upliftment of people. Self-help and cooperation are essential components of the cooperative sector. Cooperative is a way of working together or acting for common purpose, demonstrating a willingness to cooperate with each other through a joint owned means of production or distribution of goods and services.

The growing importance of cooperative encourages many writers or scholars to contribute a lot to the cooperative field. Here, an attempt has been made to briefly carry out a study and share its findings. In this chapter, literature related to the research work is reviewed on both national and international level.

Philips (1960) aimed at reviewing the development of cooperative in England on the essence of cooperative method. The study found that cooperative society is an enterprise formed and directed by an association of users, applying within itself the rules of democracy and the community as a whole. This study concluded that the economic activities of a country are greatly influenced by the development of a sound credit system and for this cooperative society plays a vital role.

Krishnaswami (1978) examined the community based saving and credit organization. The study focused the group, which were promoted by local and international non-government organization as part of their community development activities.

Numerous model were introduced, one of the adopted models rendering services to others. This study concluded that cooperative is the instrument, which are owned, and run for the personal profits by rendering services.

Co-operative has gained wide range of concerns from economists, policymakers as well as general public in Nepal. Hence, there have been a lot of studies in this topic within the country.

Ofuoku and Urang (2009) examined how the socio-economic factors of farmer-members of cooperative in agricultural group lending scheme influence their abilities to make financial savings with their cooperatives. The study was conducted in Anambra State, Nigeria. Data were collected from a total of 296 farmer-members of cooperative societies randomly selected from National Programme for Food Security (NPFS) and Rural Finance Institution Building Programme (RUFIN) agricultural group lending schemes purposively selected for the study. Ten selected farmers' socio-economic factors were regressed on deposit mobilized with the cooperatives by the farmers. Frequency distribution, percentages and means were descriptive statistics were used in analyzing data. The lead function from regression analysis showed that 43.08 percent of the total variation in deposit mobilization was explained by the 10 socio-economic variables included in the model.

The significant variables affecting deposit mobilization in cooperatives by farmers in the group leading scheme were value of assets, off-farm income, age of household head, level of farm diversification and total value of farmer's loan. More so, the study found that the financial savings mobilized by farmer members within their cooperatives were meager and made usually for purpose of securing loans.

This survey showed that agricultural group lending programme in Anambra State has not fostered financial savings mobilization among farmers within their cooperative societies. The farmers did not find the savings service provided by their cooperative attractive because these member-based institutions pay low interest. Members had only saved with the cooperative merely to obtain credit. This conclusion is very instructive for any remediative measures that would make cooperative institutions provide demand-driven and competitive savings service in rural financial market. However, increasing the asset holding of farmer-cooperators, reducing off-farm

income, diversification, encouraging young farmer-entrants and making more loans available to ease credit constraint status of the farmer are socioeconomic influences critical to increasing financial deposit mobilization. The study therefore provided evidence for the consideration of farmers' socio-economic factors in peer selection if effective rural savings services are to be achieved within the cooperative sector.

Raj (2010) analyzed loan payment among small scale farmers in Oyo State, Nigeria. It specifically identified socio-economic characteristics of the respondents and quantitatively determined some socio-economic characteristics of these farmers that influence their level of loan payments. A multi-stage sampling technique was used to select 286 respondents in the study area and structured questionnaire administered on them to collect data.

Descriptive statistics was used to analyze the socio-economic characteristics of the respondents while multiple regressions using Ordinary Least Square (OLS) was used to quantitatively determine the socio-economic characteristics that influence the level of loan payment among small scale farmers in the study area. The result showed that 60.23% of the respondents were more than 50 years old and 92.35% of them were males. Analysis also revealed that 83.92% of these farmers operated 4.9 hectares or less as farmland. About 82.17% of the respondents obtained their loans from informal sources while 17.83% patronized formal sources. The result of the payment function showed that the included repressors explained 68.4% in the variation of the regressed.

Based on the results obtained in this study, it is recommended that credit institutions or lending agencies should look out for the socio-economic characteristics that significantly influence loan payment before granting loans and advances to small-scale farmers to reduce the incidence of loan delinquencies and defaults.

Ojiako and Ogbukwa (2012) carried out research in Delta State to assess the effect of cohesion of farmers' cooperative societies on loan payment among members in the area. One hundred and twenty-one respondents were selected through multi-stage sampling procedure for the study. Data were collected with the use of structured interview schedule and were analyzed using descriptive statistics while the hypothesis was addressed with the application of inferential statistics (Spearman's rank order correlation analysis).

The members subscribed to their respective cooperative societies in order to easily access credit, extension service and inputs at cheap price. Other reasons were for direct marketing of produce; price determination and exchange of ideas/experiences. The members were generally highly satisfied with loan payment rate of members. Various farmers' cooperative societies were highly cohesive generally. The various cooperative societies were highly satisfied with their respective management. The members of the cooperative societies were committed, attracted to the cooperatives and involved in the groups' activities. Their individual and group goals were being met and still want to be members of their respective cooperative society. An almost perfect positive relationship was found between rate of loan payment perception and cohesion.

2.2 Review of Nepalese Studies

Khanal (2009) raised the issue of improving the situation of agriculture sector to make it vehicle of rural development for the purpose of rural development of Nepal. The study suggests making long-term vision, objectives, mission and strategies for Nepal's rural development. This study found that cooperatives has performed all the functions that are mentioned in its objectives such as to provide saving & credit mobilization.

Pokhrel (1988) aimed at reviewing the overall situation of cooperative movement in Nepal. The study found some problems faced by the cooperative movement such as lack of sufficient fund, lack of spontaneity towards cooperation loyalty, lack of efficient management, political interferences and lack of specific and stable policy. On the other hand, absence of a central level body has led to lack of transparency and irregularities in loan disbursement.

Thakuri (2010) explained that cooperatives are community organizations delineated to support the group business of farmers, workers, artisans, landless, low-income group and unemployed or social workers to protect the interest of community people. The study also highlighted cooperative having great prospects for the development of Nepal.

Bhattarai (2010) raised the major problem faced by Nepalese cooperatives as political interference of the state, lack of specific policy unscientific planning, lack of awareness of people toward cooperative unable to withstand competition with other

banks and financial institutions, supervisory and regulatory problems. The study suggested formulating flexible Acts & policies and providing skill development training by improving Regular Supervision and evaluation system so that anyone can enjoy with the service of co-operatives.

From the above literature review, it can be said that cooperative are growing and developing in every corner of the world with different economic, cultural, political and social environment and strengths. From the long experience of cooperative in several countries, many economists as well as policymakers have reached a conclusion that cooperative is probably one of the best financial institutions. Realizing this, more significant research works have to be carried out with regards to the cooperative sector.

2.3 Research Gap

From the study of related literature, it can be said that cooperatives are growing and developing in every corner of the world in different economic, cultural, political and social environment and with different strengths. From the long experience of cooperative in several countries many economists as well as policy makers have concluded that cooperative is probably one of the best financial institutions. However, there is still no significant research on cooperatives and their functions. Many researchers and institutions have carried out research on cooperative and its various aspects. As each researcher tries to invent new things and new idea, all types of previous research works are important for this study. Still, with matter related to this study or loan payment condition, there is no significant research. That's why this research work tries to find out some new knowledge on the topic.

Though the study on Caldron saving and credit cooperative is a new challenge for the research purpose, the literatures shows that overall economic dynamics analyzed by the research on beneficiaries is more positive. However, there are some negative impacts as well. It seems that the cooperative did not meet its corporate rules and regulation responsibly in some regards. Thus research is this cooperative really plays the magnificent role to develop the payment system of the loan borrower.

CHAPTER - III

RESEARCH METHODOLOGY

A systematic research/study needs to follow a proper methodology to achieve the predetermined objectives. Research methodology is a sequential procedure and methods to be adopted in a systematic study.

In this context, various books written by different writers as well as journals, articles and thesis works have been reviewed. This makes clear about the conceptual foundation of this study. It also provides the chance of examining views of different writer and scholars. The review of works by various writers helps find out research works already carried out and those areas where there have been no any studies.

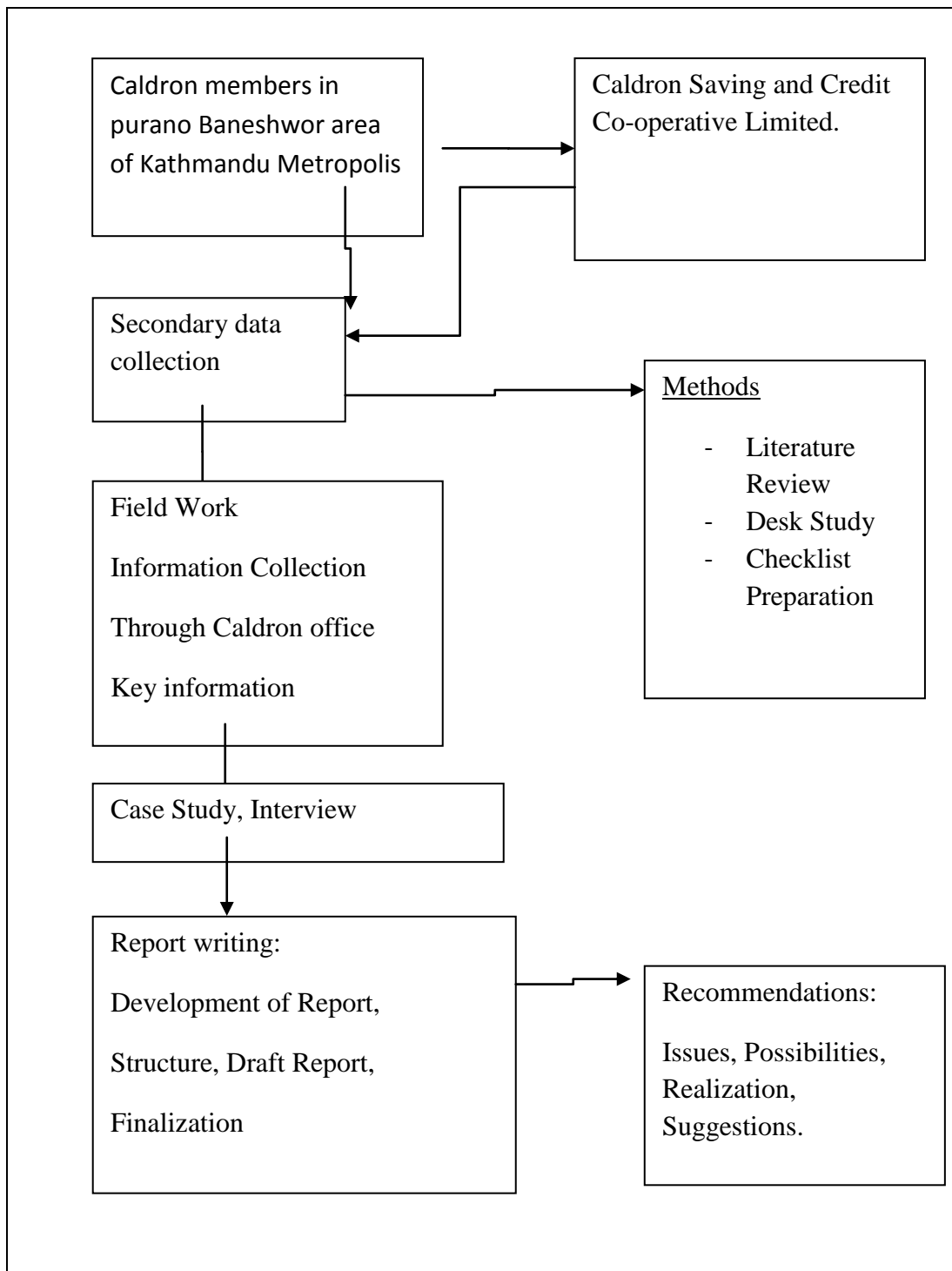
3.1 Framework of the Study

This thesis is centered upon overall institutional scenario, loan distribution and its repayment scenario of Caldron Saving and Credit Cooperative Limited based in New Baneshwor in Kathmandu district. The study area covers members of the above-mentioned cooperative in Kathmandu. In order to study the loan distribution and its repayment scenario, various data, primary and secondary, have been collected in the study area. These data have been collected though field work, information collection though the cooperative office located at Purano Baneshwor. The staffers at the office and the cooperative members were the key informants for data collection. Likewise, in order to find out details about the topic under study, various case studies and interviews were held with the key informants. Before preparing the analysis, major works of various writers were reviewed and research gaps in the area under study was found.

Likewise, in order to prepare data analysis and present them in a systematic manner, collected and processed data were analysed on the basis of requirement and they were presented in a report format.

After data analysis and presentation, conclusions were drawn on the basis of findings of the study. Likewise, based on those findings, a set of recommendations were presented.

3.1 Conceptual Framework



3.2 Research Design

The study is based on secondary data of Caldron. Approach of this data is analytical as well as descriptive. This study emphasizes on creditors of cooperatives.

This study has become historical, analytical as well as descriptive in nature. This study lays emphasis on both qualitative and quantitative aspects of the phenomenon. It will try to explore the attitude and vision of cooperative development in Nepal and to explore the attitude and vision of cooperative members, especially stakeholder members. So it will be exploratory. It is descriptive because of the observing facts of the cooperatives. It is expected that this research design was fulfill the specific objectives of the study. This study also try to find out what is the payments system of the creditors after borrowing the loan from Caldron. So it was analytical one.

3.3 Nature and Sources of Data

The study used primary as well as secondary data information and observation.

Secondary data was collected from various published and unpublished materials by related organizations. The publications of Nepal Rastra Bank (NRB), Agriculture Development Bank (ADB/N), Central Bureau of Statistics, Department of Cooperative, Nepal Cooperative Development Board, and Cooperative Training center is also are the sources of secondary data.

3.4 Sampling Procedure

The universe of the study was the members of the Caldron. Using judgmental sampling: 60 members of loan borrower, (the category of loan borrower are in ANNEX) was choose to make the study more specific, the respondents was both male and female of different classes, caste, and age groups and required information have been collected through secondary source.

3.5 Key Informant Interview

Key informant interviews will be applied as a technique to get more relevant and realistic information for the study. This method was used to gather the information about co-operatives development & their economic activities of past and present. The key informants for the interview was with chairman and secretary of Caldron saving and credit cooperative limited.

3.5.1 Focus Group Discussions (FDGs)

In the process of data collection two focus group discussions were conducted. One is with only female respondent and another with only male respondent. At this process their participation was very interesting. They share their experience, practice and behavior related with cooperative. I found some more knowledge from this which cannot be found from questionnaire. They had no hesitation to express their views either it positive or negative. Major finding of this FGD is male member were not force to use the loan amount in another sector. Female member also actively participate in decision making process of household expenditure.

3.6 Methods of Data Analysis

The collected data was processed manually. Quantitative data was analyzed and interpreted on the basis of the statistical tools. Simple statistical tools were used to analyze the data. Data was represented in various unites and forms depending on its nature to conduct through analysis on it to fulfill the set objectives. A number of statistical such as tabulation, percentage, mean and other graphical presentation was employed as analytical tools. The data and information was also presented in table; pie-chart bar diagram etc. for the analysis of data, computer software MS-Excel was used. The study is simple as far as possible.

CHAPTER - IV

PRESENTATION AND ANALYSIS OF DATA

4.1 Introduction

This chapter attempts to analyze the collected data and information for pursuing the objectives of the study and deriving major s of study. This chapter deals with the analysis of Caldron Saving and Credit Cooperative Limited especially in loan distribution and its payment. It also tries to examine the payment system of loan borrowers. The questionnaire and observation were analyzed in descriptive from.

4.2 Introduction to Caldron Saving and Credit Cooperative Limited

Caldron initiation was established in 2066 B.S. under the Cooperative Act 1992 with commitments to development, promotion of its members and support for development activities that contribute to alleviating poverty. Formally, it came to existence on Poush 14, 2066 BS as a registered saving and credit cooperative society. Its office is located at Purano Baneshwor area in Kathmaandu district. In the early days of its establishment, there were 125 members. According to the Caldron Annual Report, it had 1009 numbers by 2071 BS. Now, it has increased capital, other figures and its member base too.

The members of the cooperatives are city dwellers and come from various economic, social, religious and ethnic background. They receive loans form the cooperatives as required and permitted by the established procedures of the cooperatives and use them in their desired activities. Despite diversity of the members, there is no discrimination among them for loan borrowing and other activities within the cooperative.

4.3 Growth Pattern of Caldron.

The main objective of this Caldron Saving and Credit Cooperative Limited is accumulating resources through cooperatives to uplift the economic and social status of its members. The other performance of Caldron can be discussed below separately.

4.3.1 Collection of Saving

Table 4.1: Growth Trend of Collection of Saving

Fiscal Year	Collection Saving (in Rs)	Growth Rate (in %)
2066/67	5,031,300	-
2067/68	6,355,400	26.31
2068/69	7,273,200	14.44
2069/70	8,172,398	12.33
2070/71	9,230,254	12.94
2071/72	10,370,337	12.35

Sources: Annual Report of Caldron, 2015

The above table shows that Caldron collected Rs 5,031,300 in fiscal year 066/67 BS and the following year i.e. fiscal year 2067/68 BS, the amount increased by 26.31 percent. Similarly in fiscal year 2068/69 BS, the saving collection increased by 14.44 percent. The following year, it increased again by 12.33 percent, indicating a decreased growth rate in comparison to the previous year. This year also marks the lowest increment in saving collection.

Likewise, in fiscal year 2070/71 BS, saving collection increased by 12.94 percentage, which is more than the previous year. In FY 2071/72, the increment rate was 12.35 percent. This shows the collection of saving amount increased by minimum 12 percent and maximum 26.31 percent. Increment in the number of membership and income level of members are the major reasons behind such trend. Likewise, growing awareness on saving among members is also another key factor for increment in the saving amount. Thus, the collection of saving recorded in Caldron shows that the collection rate is satisfactory.

4.3.2 Share Capital

The Caldron Saving and Credit Cooperative Limited was established with Rs 420,500 as initial share capital amount. Here, the table shows the increase rate of share by fiscal years:

Table 4.2: Share Capital Collection of Caldron

Year	Share Capital (In Rs)	Growth Rate in %
2066/67	420,500	-
2067/68	560,500	33.29
2068/69	650,000	15.96
2069/70	785,000	20.76
2070/71	900,500	14.71
2071/72	1,053,500	16.99

Source: Report of Caldron, 2015

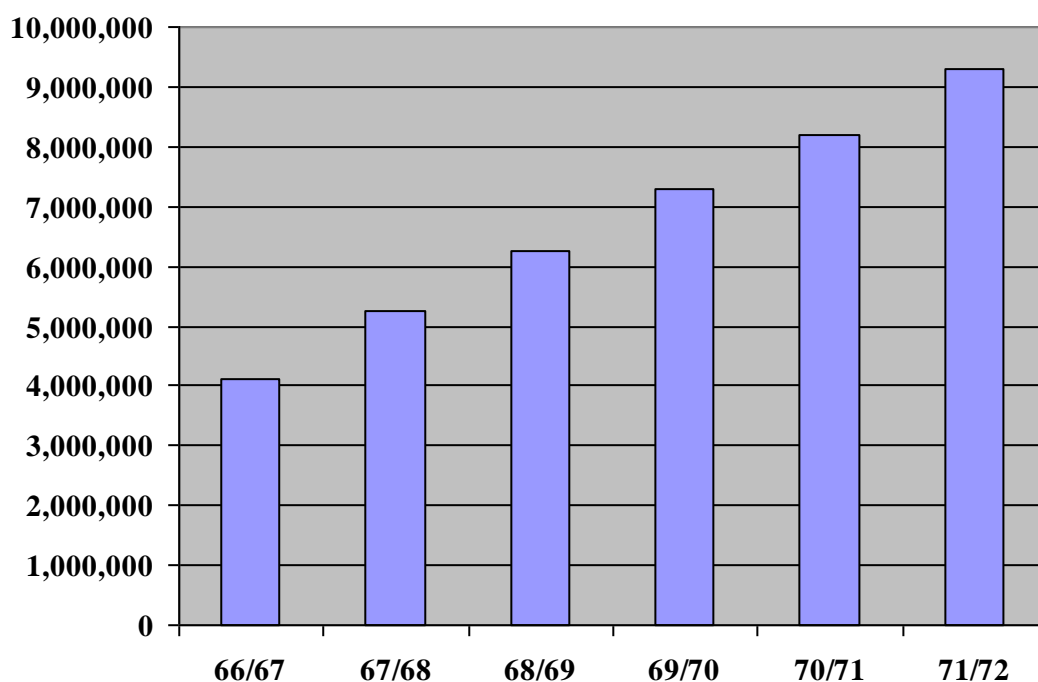
The above table shows the trend of collecting share capital amount. In fiscal year 2066/67 BS, the amount was 420500 and it increased by 33.29 percent the following year, which is highest rate of increment in the share amount. In the fiscal year 2068/69 BS, the share amount collection again increased by 15.96 percent and in fiscal year 2069/70 BS, it increased by 20.76 percent. The following year, i.e. fiscal year 2070/71 BS, the amount saw an increment by 14.71 percent. Similarly, in fiscal year 2071/72 BS, the amount reached 1,053,500 with an increment of 16.99 percent in comparison to the previous year.

The table also shows that there is fluctuation in share capital collection in various fiscal years. In the cooperative, one member could not get the loan without share capital. It is compulsory in all cooperatives.

4.3.3 Loan Flow and Debt Recovery

Loan flow and recovery are important objectives of cooperatives. The loan is flown to assist members for utilization in their desired activities and for their overall economic development. The main source of loan for the cooperative is the amount collected from the members of Caldron. The following figure shows the loan flow by Caldron Saving and Credit Cooperative to its members and subsequent debt recovery:

Figure 4.1: Column Chart of Loan Flow of Caldron (In Rs.)



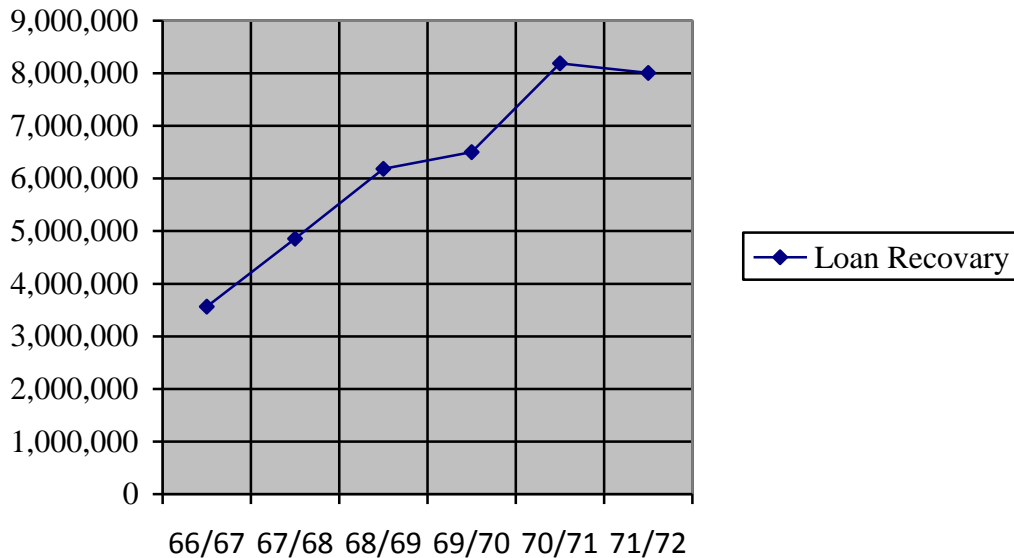
Source: Field Survey, 2015

Figure 4.1 shows that the loan flow of Caldron Saving and Credit Cooperative Limited is in increasing trend. The height of column chart has increased with fiscal year. The rows show the amount of loan flow and columns show the respective fiscal years. In the fiscal year 2051/52 BS, loan flow amount was Rs 4,102,500.

In the next fiscal years, the amount has been increasing till now. The loan flow has increased due to increment in membership and saving of its members. Caldron has made a provision to invest in the productive sectors so the trend of loan flow has been increasing. In the fiscal year 2071/72 BS, the amount of loan flow reached Rs 9,293,500.

With respect to the loan flow from Caldron, it has been observed that the rate of loan flow is increasing every year.

Figure 4.2: Column Chart of Loan Recovery by Caldron



Source: Caldron's Annual Report 2015

Figure 4.2 shows recovery amounts in various the fiscal years. X-axis shows fiscal year and Y-axis shows recovery amount. Like other trends, loan recovery by Caldron Saving and Credit Cooperative Limited has also been in increasing. The amount has increased in each fiscal year.

As analysis of various economic indicators of Caldron shows growth each year, the performance of the cooperative is satisfactory.

With respect to loan recovery, it is observed that the rate of loan recovery is satisfactory from fiscal year 2066/67 BS to fiscal year 2070/71 BS. But in the first fiscal year 2071/72 the recovery rate is not satisfactory. In that year, the recovery amount of loan is less than previous year. But in aggregate, the recovery of loan is satisfactory.

4.3.4 Trend of Membership

Members are the backbone of saving and credit cooperative. Those cooperatives which increase the number of members easily increase their saving amount. That amount also helps improve investment capacity of such cooperatives.

Table 4.3: Trend of Membership Growth

Fiscal Year	Member	Percentage
2066/67	125	-
2067/68	203	62.4
2068/69	302	48.76
2069/70	517	71.19
2070/71	668	29.20
2071/72	1029	54.04

Source: Field Survey, 2015

The above table shows that the number of Caldron members is increasing smoothly. Therefore, we can conclude that the cooperative gave emphasis on quality rather than quantity.

According to the data available at Caldron, the number of membership is increasing every year. The above table shows that the number of members increased in FY 2069/70 by 71.19 percent, the highest in Caldron history. Following this, the second highest growth rate in the number of members was 62.4 percent in fiscal year 2067/68 BS. However, in other fiscal years, the membership has increased in slow pace. Total members of cooperative are 1029 in fiscal year 2071/72 BS.

4.4 Primary Data Analysis

Primary data analysis is based on questionnaire survey, focus group discussion (FGD), observation by the researcher and KII checklists. The analysis of primary data is discussed separately in the following way.

4.4.1 Distribution by Age and Sex

Caldron Saving and Credit Cooperative Limited has founders and members from various age groups. The founders seem to have attracted other people from their own age groups to the institution. In the process of study, people from the following age groups were found in the cooperative.

Table 4.4: Distribution of Respondent by Age and Sex

Age Group	No. of Population	Percentage	Male	Percentage	Female	Percentage
15-30	16	26.67	8	22.22	8	33.33
30-45	36	60	24	66.67	12	50
45-60	8	13.33	4	11.11	4	16.67
Total	60	100	36	100	24	100

Source: Field Survey, 2014

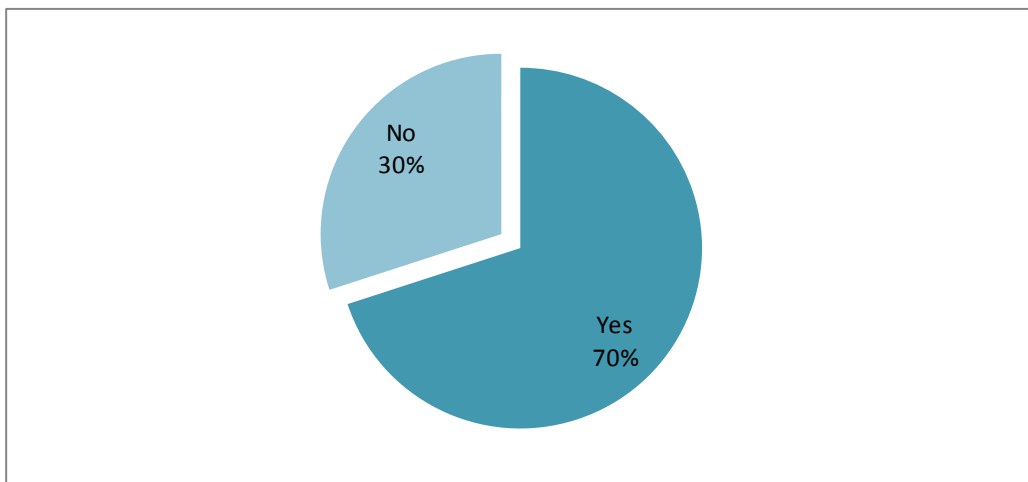
Table 4.4 shows that male members' participation is higher than their female counterparts in the cooperative. Likewise, the most prevalent age group of members in Caldron is 30-45. It is found that 36 male members (60 percent) and 12 female (50 percent) belong to this age group. Though the sample size is small, random sample has been used in this study.

The participation of members belonging to age groups 15-30 and 30-45 in Caldron is satisfactory and the number of male members is more than female members. Participation of female members in the cooperative is just satisfactory.

4.4.2 Family Type

Question regarding family types of respondent found the following results:

Figure 4.3: Family Type (Nuclear)



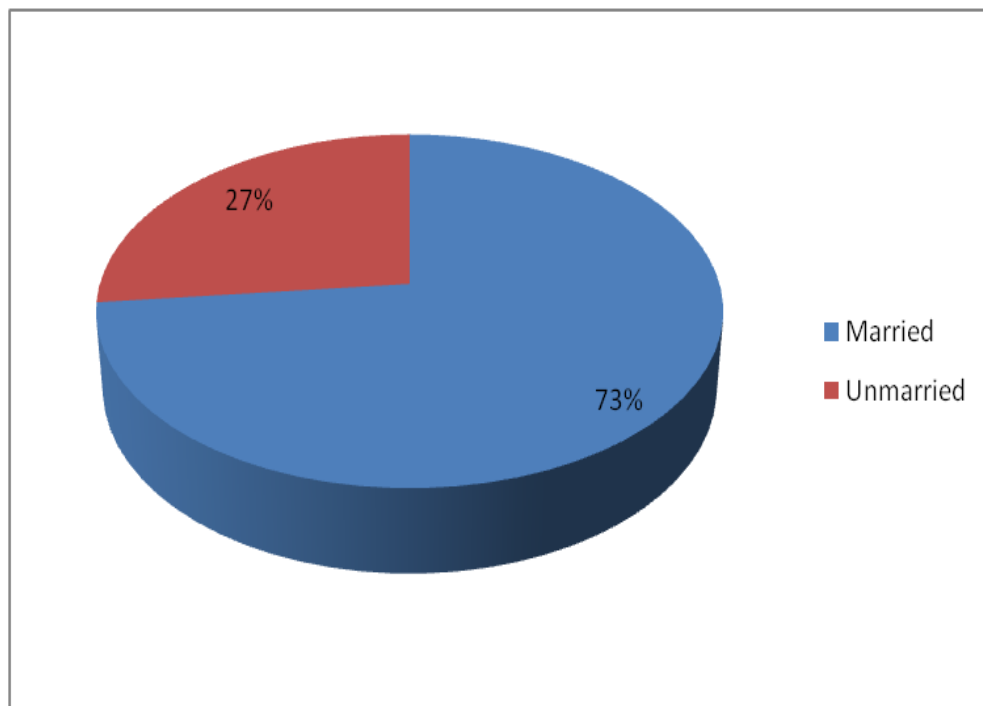
Source: Field Survey, 2015

Among the 60 respondents, 70 percent families live in nuclear family and 30 percent come from joint family type. This data shows that nuclear families are actively participating in cooperative. Participation of members from joint families is very low in comparison to those from nuclear families. Family type as a socio-demographic indicator occupies an important place in socio-economic indication of the cooperative members. Members from nuclear families also participate in other social activities besides those related to the cooperative.

4.4.3 Marital Status

In terms of status of the respondents family, found that married and unmarried. This shows that no one is there is widow. When the field study was conducting, I tried to meet with married respondents because they have more knowledge about their family and family expenditure. Among the unmarried respondent, try to meet with eldest unmarried person of the family.

Figure 4.4: Marital Status



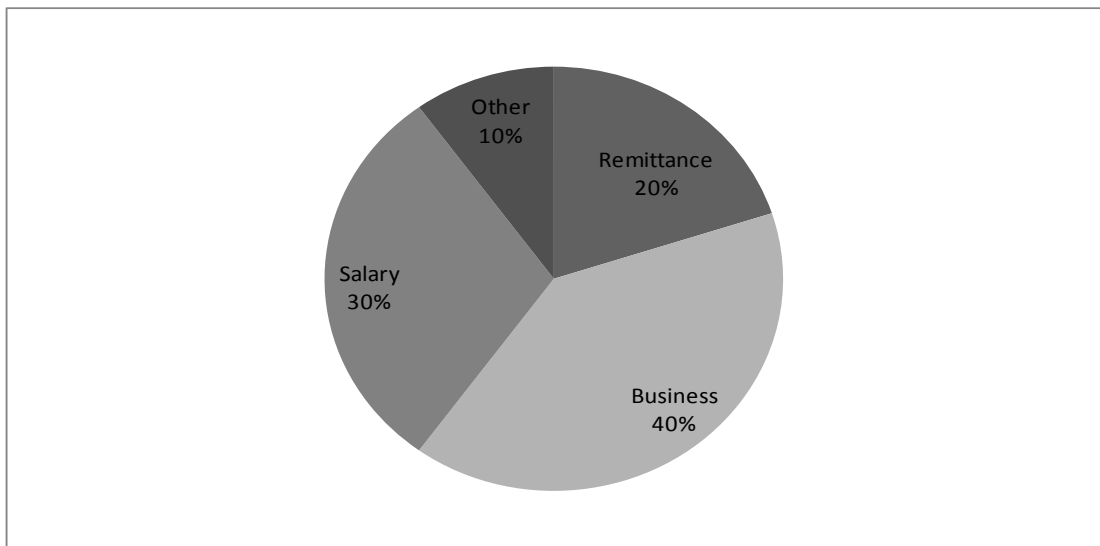
Source: Field Survey, 2014

The above figure shows that marital status of the all 60 respondents. Among the 60 members, only 26.67 percent members were unmarried and about 73.33 percent of them are found married in the study area. Participation of married members was higher than those who are unmarried.

4.4.4 Household Income

As Nepal is an agrarian country, rural people depend primarily on agricultural and farming activities as their major source of income. Survey data shows that there are six main sources of household income in the study area. Earned income includes income from foreign employment, labor and wages, local business and salary from government and private institutions.

Figure: 4.5: Income Percentage of Member Households



Source: Field Survey, 2015

Above figure 4.5 represents that income of loan borrowers' households. According to the figure, business is the main source of income with 40% holding. Income from salary is in second holding with 30%. Income from livestock is in the third place. Looking at this figure, we can conclude that business is the main source of income in the study area. People are mainly dependent on business and salary, but the level of income from agriculture is not satisfactory.

4.5.5 Caste and Ethnicity

Kathmandu valley was mostly resided by people from Newar (Janajati) community in the past. However, many people are migrating to the city nowadays. There every corner of the city these days has people from various ethnic groups. So here in the process of study, it has been found that Caldron members are from various castes and ethnic groups.

Table 4.5: Castes and Ethnicities

Caste/ Ethnicity	Number of Respondents	Percentage
Brahmin	20	33.33
Chhetri	16	26.67
Janajati	16	26.67
Dalit	8	13.33
Total	60	100

Source: Field Survey, 2015

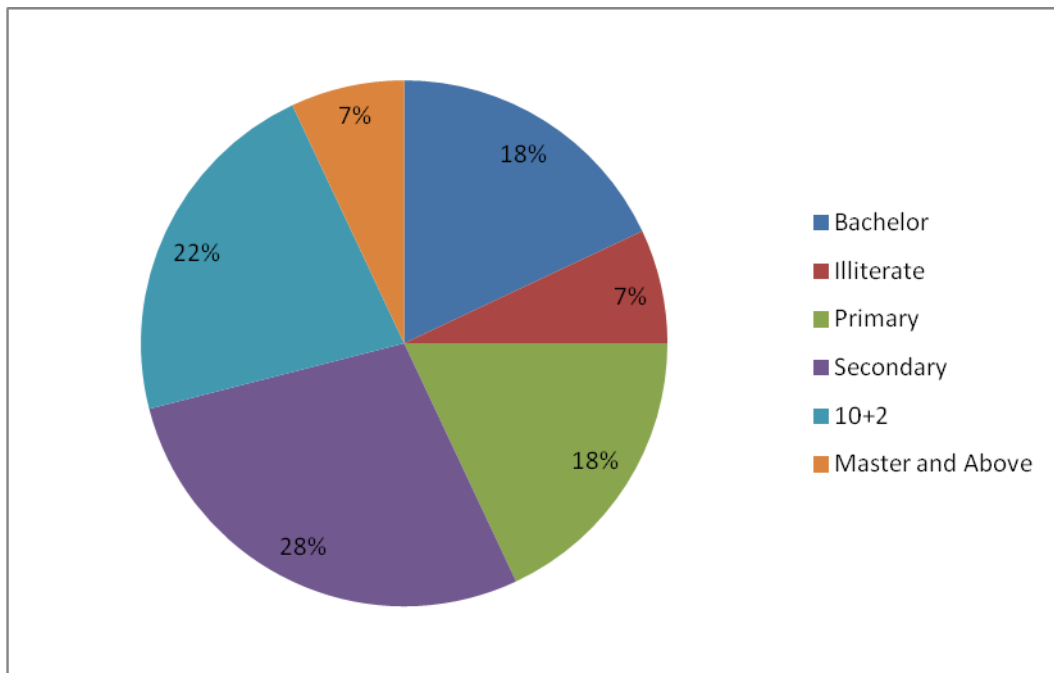
The table 4.5 reflects the status of various castes and ethnicities in the study group. Of the total respondents, 33.33 percent were Brahmins, 26.67 percent were Chhetris, 26.67 percent were Janajatis and 13.33 percent were Dalits. The participation is very inclusive in nature. There is no remarkable gap or difference in case of participation.

In the study area, there is presence of Brahmin, Chhetri, Janajati and Dalit people. Among them, the largest number members belong to Brahmin caste. There is an inclusive nature of society in the study area. Castes, however, doesn't matter in receiving services from the cooperative.

4.4.6 Education

Question regarding the education status about education level of respondent found following results:

Figure 4.6: Education Status of Members



Source: Field Survey, 2015

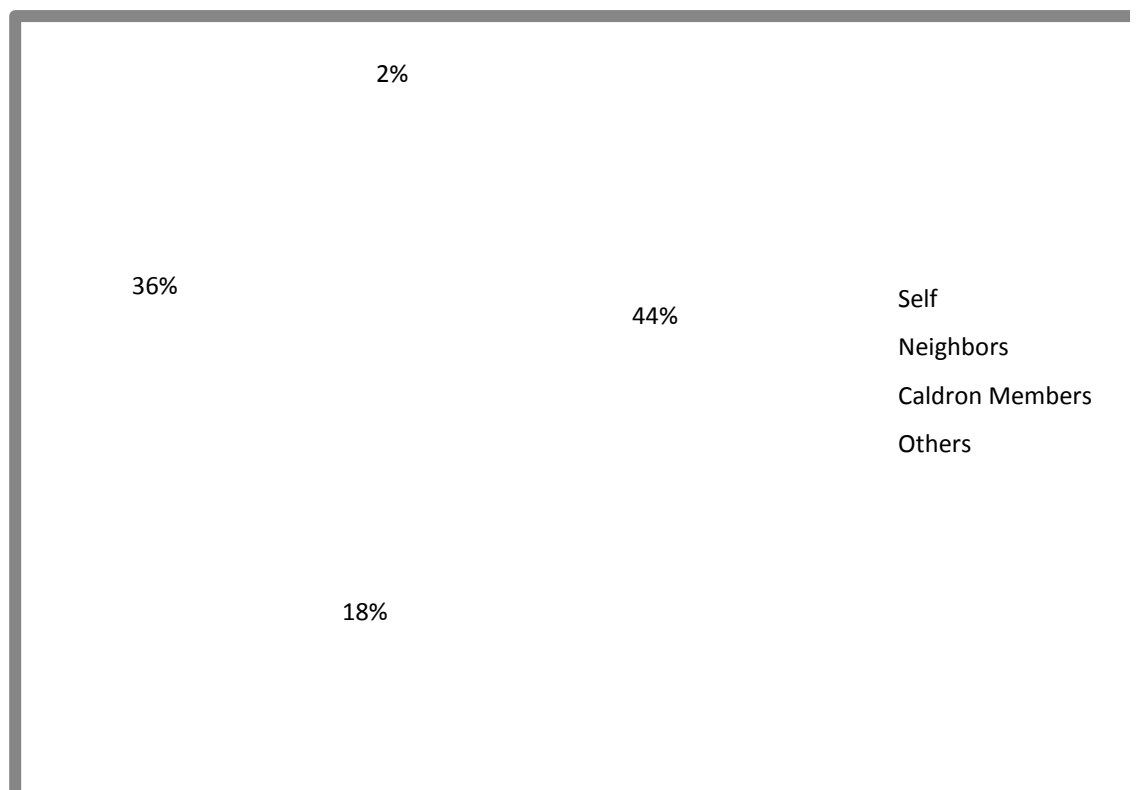
Figure 4.6 shows that 7 percent members are illiterate. Likewise 18 percent of them have primary education, 28 percent have secondary education, 22 percent have +2 education, 18 percent have bachelor level education and 7 percent have master or above level of education. Only 7 percent of the the Caldron members are found to be illiterate in the study area. This figure shows that the education status of study area is diverse but satisfactory.

4.4.7 Knowledge about Cooperative

A question regarding how the members of the Caldron Saving and Credit Cooperative Limited acquired knowledge and cooperative, its formation as well benefits to the community was asked to the selected members. The members responded on how did they came to know about cooperatives during data collection process. The figure below shows that what the respondents say regarding how they acquired knowledge on cooperatives.

During the inquiry, Caldron members presented mainly five ways through which they acquired knowledge about cooperatives and its advantages. The following figure shows responses form the Caldron members:

Figure 4.7: Sources of Knowledge about Cooperative



Source: Field survey, 2015

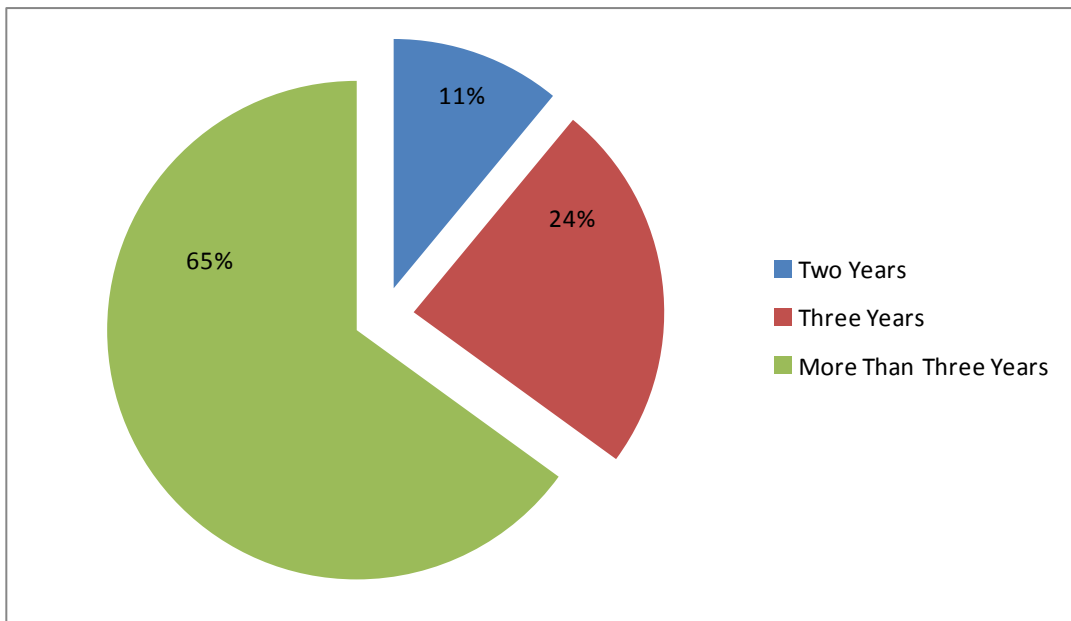
Figure 4.9 show that 44 percent of respondents have cooperative knowledge. Likewise 36 percent of the respondents have gained knowledge about cooperatives from Caldron members, 18 percent from neighbors and 2 percent from other sources.

About 44 percentages of the members have good knowledge about cooperatives. This data or figure shows that a majority of respondents have knowledge about cooperatives. The members of Caldron are also involved in awareness on co-operative in the study area.

4.4.8 Duration of Membership

Regarding this question, we found the following results. A majority of members are involved in the cooperative for more than three years. This figure also shows the priority of Caldron for loan dispute.

Figure 4.8: Duration of Membership



Source: Field survey, 2015

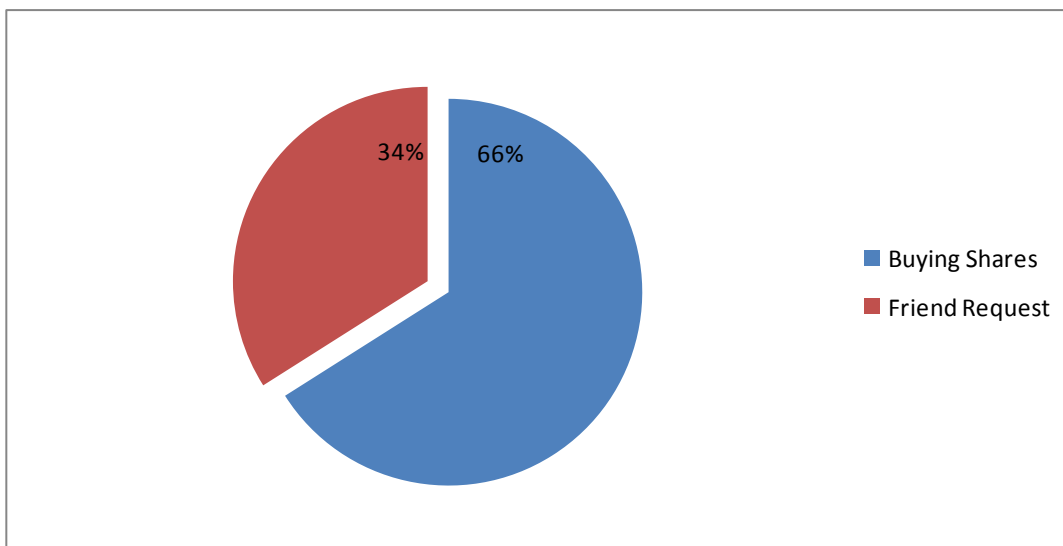
Figure 4.8 shows the duration of Caldron membership. The figure shows that most of them, i.e. 65 percent, have become member of the cooperative for more than three years. Likewise, 24 percent of them have become member for three years and the remaining 11 percent for two years.

A majority of the members got their membership for more than three years ago. This data also shows that the cooperative has given priority to old members than new ones for loan distribution.

4.4.9 Becoming a Member of Caldron

During field survey in the study area, members of the Caldron Saving and Credit Cooperative were presented the questionnaire survey to find out how they became member of this cooperative. The following figure shows how respondents answered:

Figure 4.9: Getting Membership

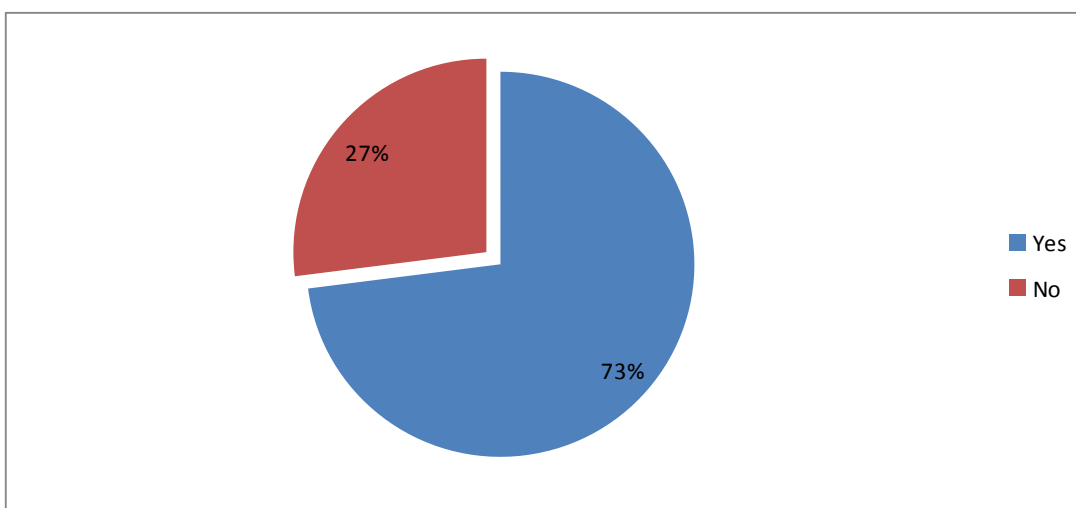


Source: Field survey, 2015

Figure 4.9 shows how respondents became member of Caldron. Buying shares occupies the highest percentage, i.e. 66 percent, while the remaining 34 percent of the respondents became members by friend requests. Most members are getting membership in the cooperative by buying shares. If they need a loan from Caldron they must have owned share. Without share no one gets a loan.

4.4.10 Regarding Participation in AGM

Figure 4.10: Participation in AGM



Source: Field Survey, 2015

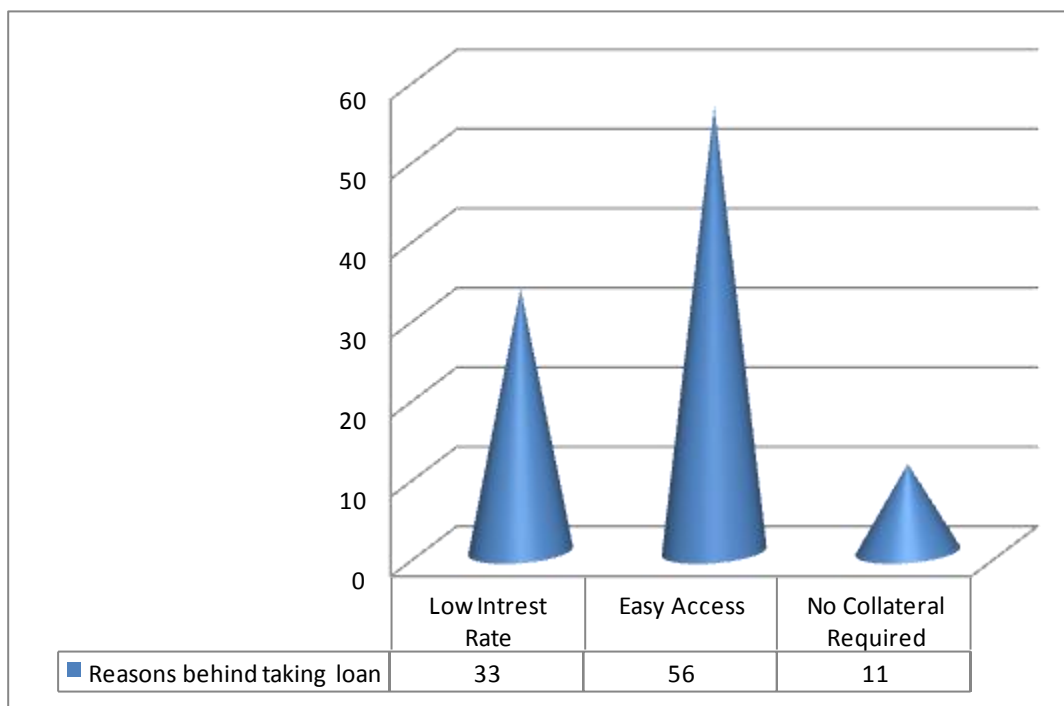
On question regarding participation in AGM of Caldron, 73 percent respondents said they did participate and the remaining 27 percent responded that they did not.

The participation of member in AGM is found satisfactory. However, if participation in AGM will increase, that helps ensure good corporate and democratic condition in the cooperative institution.

4.4.11 Reasons behind Taking Loans

Regarding what is the reason behind taking loan from cooperatives, the respondent views are presented in the figure below.

Figure 4.11: Reasons behind Taking Loans



Source: Field Survey, 2015

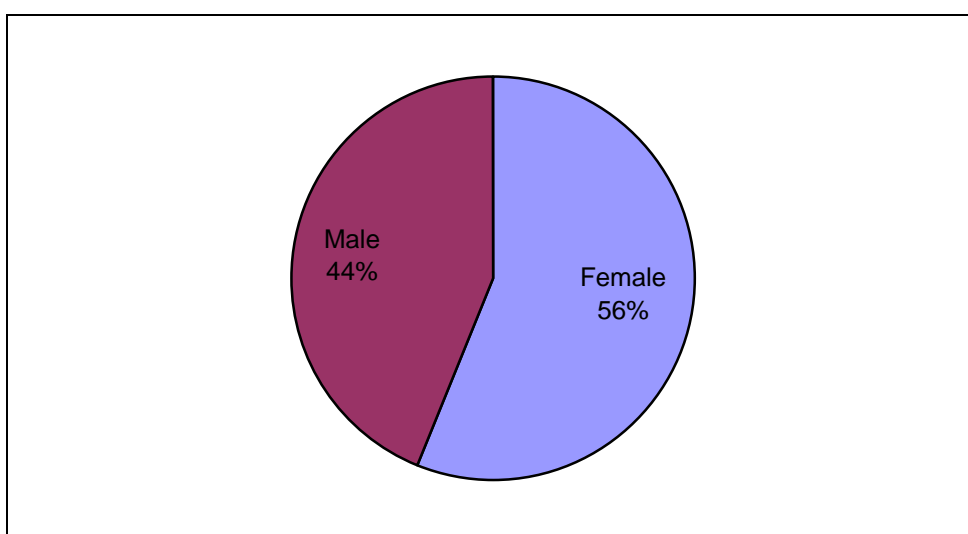
Figure 4.11 shows why and how Caldron members borrow loans. Of the total respondents, 56 percent respondents said having easy access, 33 percent said low interest rate and 11 percent respondents said collateral is not required.

This helps us conclude that most members think Caldron make easy access to loan. This provision is easy for members to get immediate loan. But in some cases, very easy provision may be harmful for good economic health of the cooperative.

4.5 Distribution of Loan Borrower by Sex

Form the starting of fiscal year 2071/72 BS, Caldron has 1,029 members and among them 553 have borrowed loans. Among the members, 310 are female and 243 are male members.

Fig 4.12: Distribution of Loan Borrowers by Sex



Source: Caldron Report

Figure 4.12 shows that 310 female members and 243 male members borrowed loans from Caldron. According to this figure, female participation is higher than male participation. Female participation is 56 percent and male participation is 44 percent. According to Caldron authority, they trust female more than male. Their loans basically focus on small businesses.

4.5.1 Distribution of Loan Borrower according to Caste and Ethnicity

From Caldron report, it is found that there is inclusiveness in case of participation. Among the 553 loan borrowers, the following table shows their caste and ethnicity.

Table 4.6: Distribution of Loan Borrowers by Caste and Sex

Male Members					Female Members					Grand Total
Brahmin	Chhetri	Janajati	Dalit	Total	Brahmin	Chhetri	Janajati	Dalit	Total	553
73	90	53	27	243	102	80	82	46	310	

Source: Caldron Report

According to table 4.6, we can conclude that there is high participation of members from Brahmin community. Among the total loan borrowers, 175 are Brahmins, 170 are Chhetris, 135 are Janjatis and 73 are Dalits. From the table, only Chhetri male members are higher than female members. And, in other caste, number of female loan borrowers is higher than male members.

4.5.2 Education Level of Loan Borrowers

Regarding the question about the education level of loan borrower found following results:

Table 4.7: Education Level of Loan Borrowers

S N	Education Level	No. of Male	Percentage	No. of Female	Percentage	Total	Percentage
1	Educated	9	3.70	29	9.35	38	6.87
2	Primary	55	22.63	96	30.94	151	27.30
3	Up to SLC	79	32.52	76	24.51	155	28.05
4	SLC to +2	65	26.75	78	25.20	143	25.85
5	Above +2	35	14.40	31	10.00	66	11.93
TOTAL		243	100.00	310	100.00	553	100.00

Source: Caldron Report

Table 4.7 shows the level of education of loan borrowers in Caldron. According to the table, all members were educated. In comparison to education level, there is a high participation of members who have completed up to SLC. On average, 14.4 percent of male borrowers have completed above +2 level of education and 10.0 percent of female borrowers have completed the same level. None of members are found to be uneducated. That's why we can say that all member of Caldron are educated. It is located in capital city of Nepal, so the education level of members is good.

4.5.3 Sector of Loan Distribution

According to Caldron, the institution basically focused on following category of loan headings. Here the table tries to show the ratio of loan distribution in various sectors in fiscal year 2071/72 BS.

Table 4.8: Sectors of Loan Distribution

SN	Headings of Loan	Amount in Rs	Percentage
1	Business	3,485,062.50	37.50
2	Foreign Employment	2,146,798.50	23.10
3	Education	1,672,830.00	18.00
4	Emergency & others	1,988,809.00	21.40
Total		9,293,500.00	100.00

Source: Caldron Report, 2015

(Note: If the borrower has not paid back loan in the respective year, that loan amount is continuously added in the following year. That's why, all loan amount is noted under one fiscal year.)

According to table 4.8, Caldron provides loan mostly in business sector. Among all loan amount, 37.50 percent falls under this heading. Another major sector for loan is for foreign employment. Under the heading, 18 percent of loan amount is disbursed for education and remaining 21.4 percentage for emergency and others sectors. The cooperative also provides loans against personal guarantee of board members for office staff and board members.

4.6 Purposes of Taking Loan

According to report of Caldron, the purposes of taking loan are foreign employment, business, education and emergency and other works. This figure represents the (sample of 60 members) loan borrowers of Caldron.

Figure 4.13: Purposes of Taking Loan



Source: Caldron Report, 2015

Above fig 4.13 shows 40 percent of the members borrows loan for business, 25 percentage borrower taking loan for foreign employment, 15 percent of the borrowers are in Education, 20 percent taking loan for emergency and others.

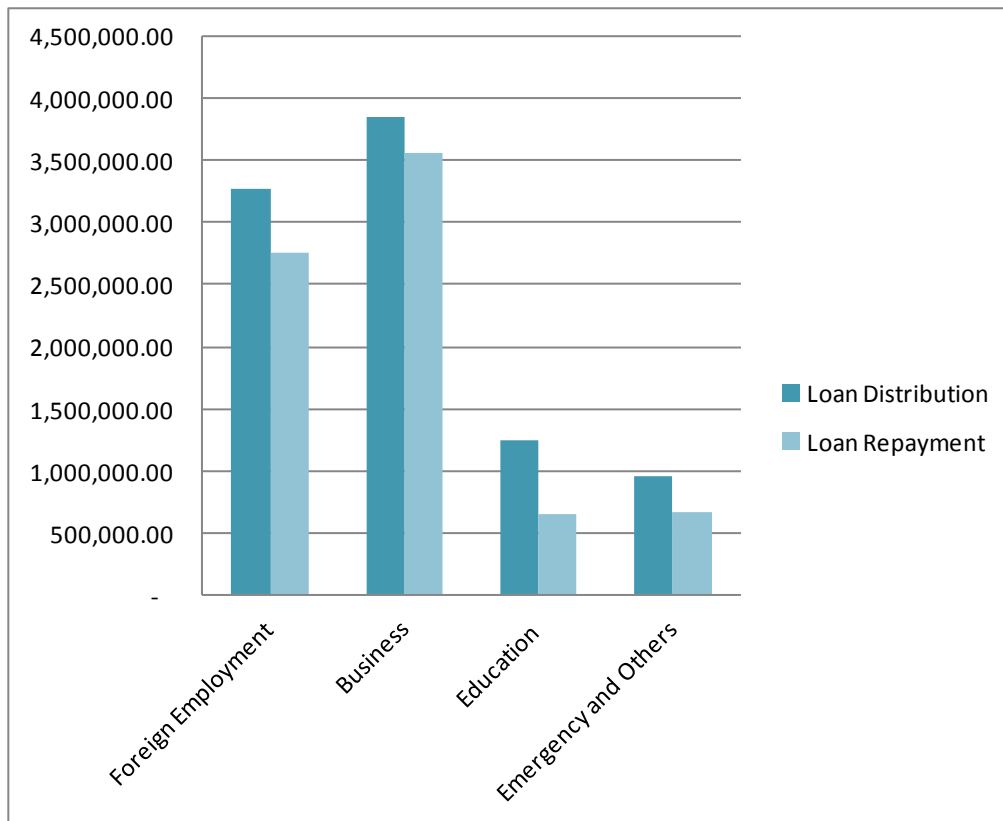
The loan provided on different heading is effective for its members. Among them loan on business and foreign employment are quite high.

But in this study, here taken 60 loan borrowers of Caldron.

4.6.1 Repayment Condition of Loan

Question regarding the repayment condition of loan, found that loan of foreign employment and business sector is highly timely repaid. The local business and foreign employees paid its interest and monthly installment. There is no due in this loan. And the bad loan is not in this topic.

Figure 4.14: Loan Repayment Status



Source: Field Survey, 2015

Figure 4.14 represents that timely repayment of interest and loan of the different sectors. According to the above figure the loan on foreign employment and business sector was timely paid. Loan on education and emergency & others heading is less repaid than other sectors. Education sector's loan is at last on repayment condition. Near about only 70 percentage loan and installment was timely paid. Repayment of loan on emergency and other sectors is not satisfied.

But in conclusion, we can say that the repayment condition of loan in different sector is satisfactory. Business sector loan is mostly repaid in time.

4.6.1.1 Situation of Bad Loan

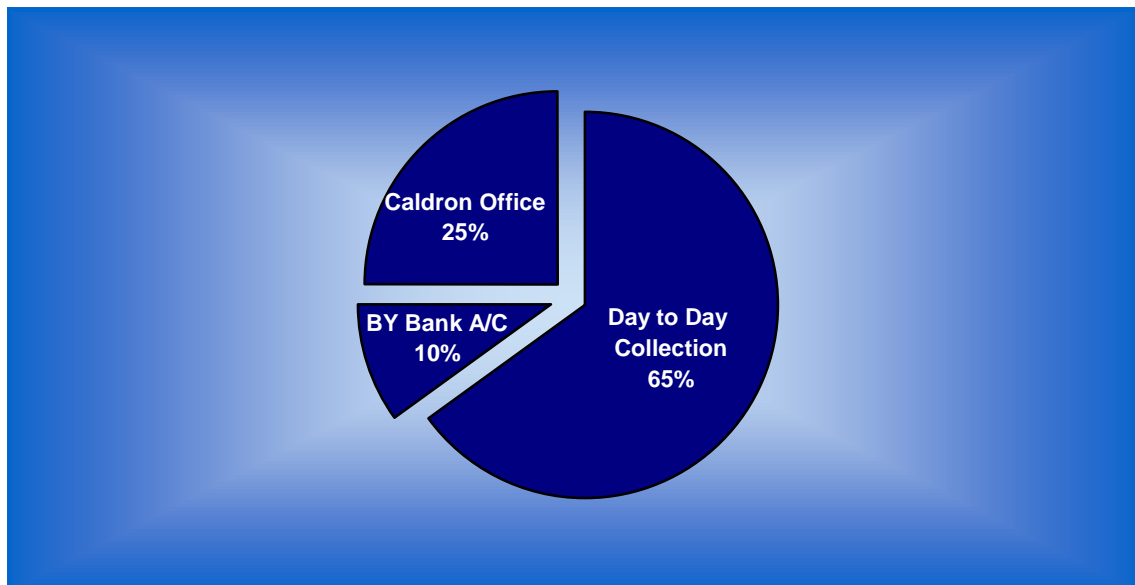
According to Caldron data and reports there is not significant amount of bad loan. i.e about 10 percentages of total loan dispute. Caldron has a system to dispute loan amount that is the loan was given a member with the witness of another two members.

If the borrower was not paid the loan in fixed period, the loan committee automatic renewed that amount for one year. That's why there is not big problem of bad loan. The treasure of the cooperative is head of loan committee.

4.6.2 Modes of Repayments of Loan

Regarding this question found that, there is three types of mode of payments of loan. Members basically pay the installment of loan by the collector of the cooperative in daily basis, weekly basis and monthly basis. Some members paid the installment of loan through bank account. And, some members reach the Caldron office for loan's payment.

Fig 4.15: Modes of Payment



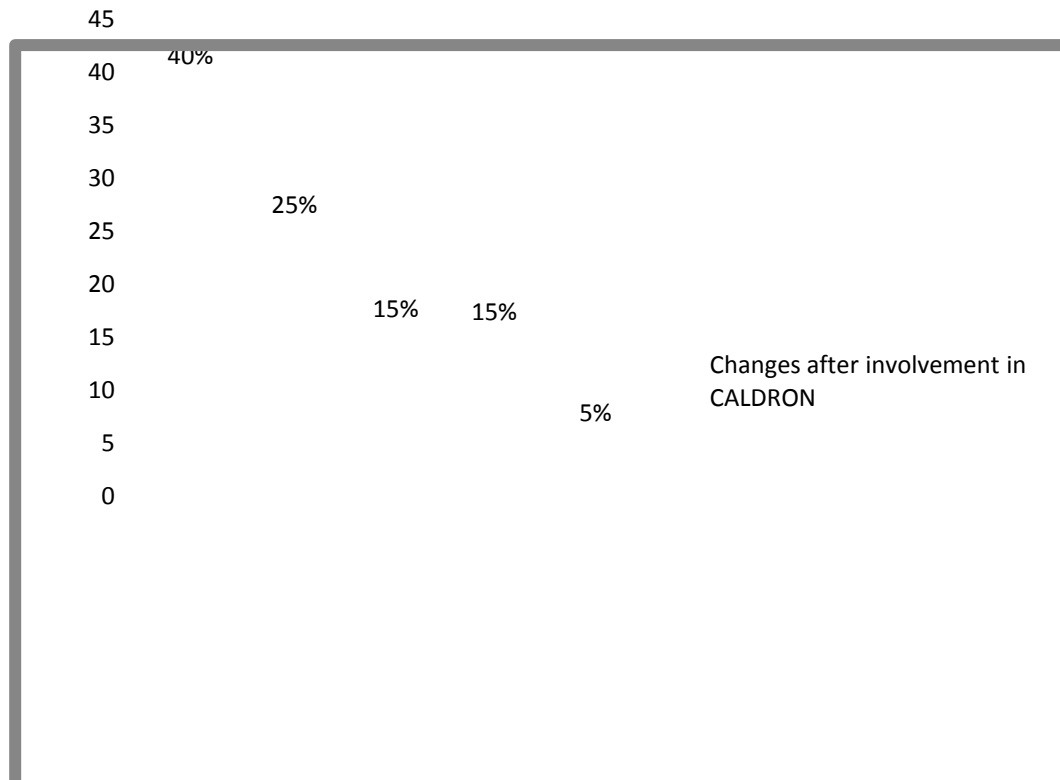
Source: Field Survey, 2015

According to fig 4.15, most of the members paid the amount on daily basis by day to day collector. 65 percentages of the members paid on this system. Among the respondent, 25 percent paid the loan direct in Caldron office and 10 percentage member paid their amount through bank account.

4.6.3 Changes after involvement in Caldron

Response regarding the changed occurred after involvement (getting loan) in Caldron, the figure below presents the views.

Figure 4.16: Changes after Involvement in Caldron



Source: Field Survey 2015

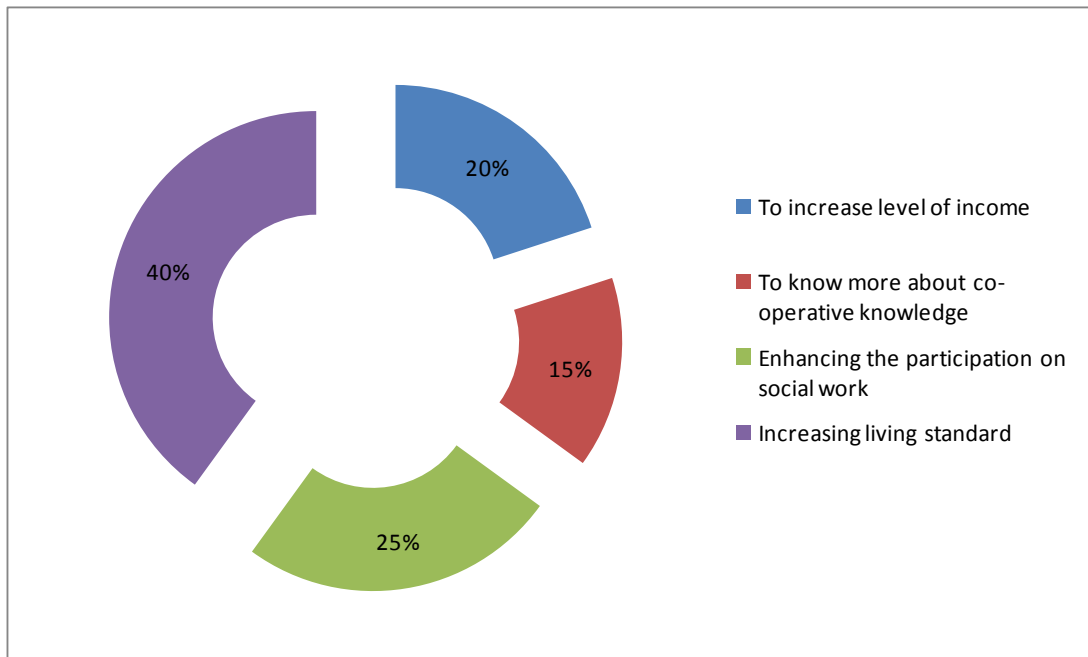
Figure 4.16 shows that 40 percent respondents said improved in their economic condition, 25 percent said the loan improved their housing condition, 15 percent said that it helps in their business, 15 percent said that loan improved their educational settlement and remaining 5 percent respondents respond that it makes easy on emergency and household consumption.

After getting loan from Caldron there is changes in the different aspects of the members. We can see positive impact on members through the cooperatives. Majority of the respondent responds that they improve their economic condition and improve housing condition.

4.6.4 Effectiveness of Caldron

Response regarding the effectiveness of Caldron the figure below presents the views:

Figure 4.17: Effectiveness of Caldron



Source: Field Survey, 2014

Figure 4.17 shows that 20 percent respondents said that membership of Caldron is effective in changing their level of income, 15 percent of respondent said that it is effective in increasing more knowledge of cooperative, 25 percent of the respondent replied that it is effective in enhancing the participation on social work and 40 percent of the respondent said that membership on Caldron is effective to raise their living standard.

Caldron is found to be effective in providing their services to their members and it proved that cooperative is good instrument to address the economic problem of members.

Therefore the respondent said that establishment of Caldron is very effective to changing their social and economic aspect. Caldron also makes effective awareness about social issues and help to other's problem to the members.

CHAPTER - V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter is the concluding part of this thesis. It serves as a conjunction point that integrates the previous chapters together. It brings out the major aspects of the study and how they have helped in achieving the research objectives. This chapter contains the major findings of the study, conclusions and recommendations that might be helpful for all those who are concerned with cooperative and to improve some of the existing problems faced by cooperatives and for the further studies.

5.1 Summary

Cooperative is an economic institution which is functioning on its own way and making supportive impact on the economic development of Nepal. Simply, a cooperative is an autonomous association of person united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically formed and controlled enterprises. This study aims to examine the payment system of the loan borrower through Caldron. Also identify the financial situation, operation, process, effectiveness, socio-economic status and different aspects of members of Caldron through questionnaire survey. And try to find out that Is there any progressive economic change of member of Caldron through loan borrowing.

Major Findings of the Study

- ❖ The contribution of loan flow of Caldron in different sectors of social life is business, foreign employment, education health facilities etc.
- ❖ Caldron has offered different types of saving accounts like daily saving, fixed deposit, women saving, child saving, old saving, own wish saving etc.
- ❖ Caldron has offered different interest rates in different savings accounts like 10.5 percent fixed deposit which is highest interest rate offered by Caldron and most of the other types of saving the rate of interest is about 9 percent.

- ❖ Caldron charges different rate of interest in different types of loan. Mainly, it determines slightly less rate of interest in education sector which is 11 percent and rate of interest for in most of the other sector is around 14 percent.
- ❖ Caldron provide group guarantee loan to its members. For this provision the member should deposit 30,000 and the rate of interest charged for this is 12 percent only.
- ❖ The growth in share capital of Caldron and growth in collection of Savings is satisfactory.
- ❖ The loan disbursement and it's payment system of Caldron are satisfactory. Loan flow is in increasing trend and in the fiscal year 2071/72 it has reached up to Rs. 9,293,500.
- ❖ Similarly, repayment of loan is also in increasing trend and in the fiscal year 2070/71 it has reached up to 86%.
- ❖ In comparison between loan disbursement and loan recovery there is satisfactory rate of loan payment.
- ❖ The active age member participation in cooperative is good.
- ❖ About 89 percent of the participation are found married in the study area.
- ❖ Only 7 percent on the participation are found illiterate in the study area.
- ❖ Female borrowers are more than male borrowers.
- ❖ After involvement in Caldron, like percent respondents said improved their economic condition, 25 percent said the loan improved their housing condition, 15 percent said that it helps in their business, 15 percent said that loan improved their educational settlement and remaining 5 percent respondent respond that it makes easy on emergency and household consumption.
- ❖ Caldron fulfills the cooperatives rules and regulation. The AGM is held in yearly. Election of board of directors and others members is in democratic ways.

5.2 Conclusions

There is a mushrooming growth of cooperative societies in Nepal after the promulgation of the cooperative 1992. Saving and Credit Cooperatives (SACCOS), multipurpose cooperative, agriculture cooperative, dairy cooperative, consumer and others cooperatives are also actively engaged in the function of saving and credit. But most of the saving and credit cooperative societies are functioning in urban areas. They are not meeting the objectives of cooperative and they are functioning against

the principle of cooperative. These cooperative which are established in urban areas are functioning in the sectors of community based saving and credit, business, foreign employment and education etc.

Similarly, cooperative by women are also very encouraging relating to business development, creating self-employment and income generating activities. Cooperatives are contributing to women's upliftment. They are operating cooperatives sincerely, honestly, effectively contributing to economic development.

Economic development contributes to urban development. Hence the issue is how to improve the situation of business sector, thus making it vehicle of urban development in Nepal. Business sector should be developed through cooperatives. But cooperative in Nepal are still standing at a crossroad. To make Nepal's urban development a reality, cooperatives need long-term visions, objectives, missions and strategies.

Cooperatives are regarded as an engine of growth for the development of urban as well as rural areas of the country. Such an organization plays a vital role for economic development. Many developed and developing countries have adopted the cooperative system in production, processing, marketing and caring not only their members but also making greater impacts on their communities as a whole. Therefore, considering the importance of cooperatives, most governments have mobilized cooperative system for development of domestic, social and economic situations.

As regarded to the study of development of Nepalese cooperatives, it is found that cooperatives have performed all the functions that are mentioned in its objectives such as to provide saving and credit mobilizations.

Most members join the cooperative societies mainly for access to credit. They are satisfied with the release of credit to them.

The secondary data analysis of Caldron reveals that the trend of saving and disbursement is satisfactory. Moreover, the share capital collection has been increased. The analysis of loan flow and loan recovery is also in satisfactory trend. But payment of business sector loan is more satisfactory than others in timely installment. At the same time, foreign employment repayment is also satisfactory. Payment on business sector, education loan and other sectoral loans are not

satisfactory. From this study, we also conclude that some borrowers take a loan in one heading and use it on another sector. That's why the problem of payment occurs in cooperatives.

With respect to reasons behind taking loan from cooperatives, a majority of the respondents agreed in easy access. Regarding purpose of taking loan, majority of the respondents were in opinion of business and foreign employment. With respect to the loan amount taken from Caldron, a majority of the respondents accepted the amount range of Rs 50,000-100,000. Some of the respondents accepted that Caldron is running in profit.

Regarding changes after getting involved in cooperatives, a majority of the respondents agreed that changes occurred in their economic and housing conditions. After this, we could say if people earn some money firstly they will spend it on improving housing condition.

There is no racial, caste based and cultural discriminations at Caldron regarding services for members. And some respondents also gave some suggestions for the further improvement of Caldron.

This type of cooperative collects huge amount of money. The government should develop appropriate policy and mechanism for proper utilization of saving.

There is not significant amount of bad loan. The loan was distributed with guarantee of other two members. If the loan borrower would not pay the loan in fixed time other two members are responsible.

5.3 Recommendations

Overall, the study has provided an idea of how effective cooperative should contribute to both national and local levels from economic perspective. The following recommendations for the proper growth and development of cooperative can be presented on the basis of the study.

➤ Regular supervision and evaluation should be done time to time by Cooperative Department so as to make it more effective and efficient.

- Regulatory body of cooperatives should be improved and empowered by the government.
- As a government has declared cooperative as one of the major pillar for the development of country, sufficient subsidies should be given for the modernization of cooperatives so that all people can enjoy cooperative services.
- The development plan of cooperatives should be focused towards achieving targeted goals such as to uplift the social and economic status of women, Dalit, Janajatis, other minorities and marginalized groups of Nepal.
- Caldron should provide skill development training for the betterment of their member.
- Caldron should increase the investment in the field of human resource development.
- Caldron should improve and extend social development programs and promote self-employment through skill-based income generating programs by running professional training for its members.
- Caldron should use modern technologies for effective and fast service delivery.
- Transparent transaction and equal benefits to all its members can be trustworthy tools against corruption campaign in the area providing services.
- Caldron staffs should be well trained and motivated so that they can better performance at Caldron.
- The government should support cooperatives in preparation of perspective plan, strategic plan and appropriate programs.
- Saving and credit cooperatives collect huge amount of money in different parts of Nepal. But a large amount of money is still out of formal banking sector. So the government should develop a mechanism to ensure that this type of money easily comes to the formal banking system.

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ANNEX

Questionnaire for Household Survey 2015

Section I

A Brief Profile of Loan Borrowers

1.1 General Information of HH

1.1.1 District.....
& Ward No.....

1.1.2 VDC/ Municipality

1.1.3 Name of loan borrower
Phone/Mobile number.....

1.1.4 Caste/Ethnicity and Sex,,

1.1.5 Religion (Tick appropriate one)

Hindu Buddhist Muslim

Christian Others (specify)

1.1.6 Family Type Nuclear Joint

Fill in the household level Information in the table below listing the details of all the family members

S.N.	Name	Relationship with respondent	Age (Years)	Marital Status	Education	Main Occupation
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						

Section II

Loan Related Information

2.1 When did you take the loan?

.....

2.2 Why did you take the loan? (Purpose)

.....

2.3 Why did you choose this particular purpose for loan?

- Easy Existing Loan Demand Market available
 Based on traditional skill Others (specify)

2.4 How many amount did you borrow from the cooperative to start this particular activities?

Rs/- In Words

.....

2.5 How you repaid the loan to Caldron ?

- A. By collector B. By Bank Account C. Direct to Caldron Office

2.6 Are you pay the interest and installment of loan in time?

Yes No

If No, please mention the problems

1.....
.....

2.....
.....

3.....
.....

Section III
Economic Activities

3.1 Please provide your family income (per annum in Rs.)

Income from Business	
Income from Remittance	
Income from Salary	
Income from Wage labor	
Income from Livestock products (Egg, Milk, Meat etc)	
Others (Please Specify)	
Total Family Income	

3.2 Expenditure

Respondent: The following question should be asked to the household member who knows most about food consumption, beverage and tobacco in the past seven days.

A. Food/ Beverage / Tobacco Items

For each item group try to estimate quantity of items consumed quantity had been purchased in cash, own produced or Gift.	(a) Purchased in cash (In Rs)	(b) own produced or Gift (In Rs)
Cereals (rice, bread, corn, flour wheat, noodles, biscuits, etc.)		
Meat (chicken, meat, fish, buffalo)		
Eggs		
Dairy products		
Vegetables		
Sugar, salt, tea & etc		
Fruit		
Alcoholic beverages		
Tobacco products		
Others		
TOTAL		
TOTAL (a+b)		

3.2 Non- Food Expenditure

Non-food items	Time period	Expenditure in cash (in RS)	Expenditure in gift given away (in RS)
House rent/maintenance	Last six months		
Fuel and Power	Last six months		
Medical care	Last six months		
Communication	Last six months		
Water charge	Last six months		
Clothing & Foot ware	Last six months		
Furniture & other household equipment	Last six months		
Education	Last six months		
Others	Last six months		

Section IV

Properties

4.1. Physical Status of HH

Items	Value Before Loan Borrowing (in Rs)	Value After Loan Borrowing (in Rs)
Roof of House		
Wall of House		
Toilet		
Fuel for food cooking in house		
Radio		
Television		
Mobile		
Bicycle		
Motorcycle		
Computer/Laptop		
Others (specify)		

4.2. Land Ownership

a) How many ropani/es of land does your household own and operate?

.....
.....

b) If all land are not operates please tell the reason behind it?

.....
.....

5. Do you have any suggestion for the Caldron?

.....
.....
.....
.....
.....
.....

Thank You !!