

ROLE OF COOPERATIVES IN RURAL ECONOMY

(A Case Study of BSCC Lamatar VDC, Lalitpur District)

A Thesis

Submitted to the Central Department of Economics,
Tribhuvan University, Kirtipur, Kathmandu, Nepal,
in the Partial Fulfillment of the Requirements

for the Degree of
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in
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BY

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LETTER OF RECOMMENDATION

The Thesis entitled "ROLE OF COOPERATIVES IN RURAL ECONOMY : *A CASE STUDY OF BRAMHAPURI SAVING AND CREDIT -COOPERATIVE LTD, LAMATAR VDC, LALITPUR DISTRICT* " has been prepared by Mrs. Pooja Nepal under my supervision and guidance. I hereby recommend it for the examination by thesis committee as partial fulfillment of the requirement for the Degree of Master of Arts in Economics.

Mr. Naveen Adhikari
Lecturer
(Thesis Supervisor)

Date: March 25, 2013

APPROVAL LETTER

We certify that this thesis entitled "ROLE OF COOPERATIVES IN RURAL ECONOMY : *A CASE STUDY OF BRAMHAPURI SAVING AND CREDIT -COOPERATIVE LTD, LAMATAR VDC, LALITPUR DISTRICT*" submitted by Mrs. Pooja Nepal to the Central Department of Economics, Faculty of Humanities and Social Science, Tribhuvan University, in partial

fulfillment of the Degree of MASTER OF ARTS in ECONOMICS has been found satisfactory in scope and quality. Therefore, we accept this thesis as a part of the said degree.

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ACRONYMS

ADB	-	Asian Development Bank
ADB/N	-	Agriculture Development Bank Of Nepal
BSCC	-	Bramhapuri Saving and Credit Co-Operative Ltd
CB	-	Commercial Bank
Cum.	-	Cumulative
DDC	-	District Development Committee
DOC	-	Department of Co-operative
GTZ	-	German Technical Cooperation
HHs	-	Household Size
IBP	-	Intensive Banking Programme
ICA	-	International Cooperative Alliance
ILO	-	International Labour Organization
MF	-	Micro Finance
MFI	-	Micro Finance Institution
MOAC	-	Ministry of Agriculture & Cooperatives
NAFSCUN	-	Nepal Federation of Saving and Credit Union, Nepal
No.	-	Number
NRB	-	Nepal Rastra Bank
RRDBs	-	Regional Rural Development Banks
SACCOS	-	Saving and Credit Co-operative Society
SCCs	-	Saving Credit Co-operatives
SCOs	-	Saving and Credit Organizations
UK	-	United Kingdom
VDC	-	Village Development Committee
WDS	-	Women Development Section

CHAPTER I

INTRODUCTION

1.1. Background of the Study

The large scale participation of rural people in cooperative activities provides an important potential for income generation and equity in rural areas. The entrepreneurial skills of rural cooperatives' members needs to be developed in order to transform their cooperatives into successful market – oriented small –scale rural enterprise involved in production, processing and other value-added activities with reliable chain of demand and supply mechanism.

Cooperatives in Nepal represent diverse section of the society. The advantage of Cooperatives can be utilized for the greatest benefits of the poorest of the poor through entrepreneurs with direct and active involvement of the poor people specially the rural women. Social exclusion, traditional custom & social values are pointed out as the main causes for least participation & limited access in resources to women which is creating poverty and backwardness in the society. To this end, the empowerment of women and development of entrepreneurial & skill with organizational strengthening process, large & inclusive participation of women in the exploration of potentials for the expansion of cooperative marketing network with proper infrastructure facilities are urgently needed. Cooperatives are regarded as an effective medium in achieving the goal of poverty alleviation.

With the restoration of democracy in 1990 and promulgation of a new Cooperative Act in 1992, there has been resurgence in the cooperative movement in Nepal. This is evidenced by the fact that the number of registered cooperatives has grown to 12975 (MOAC, 2009) as of the record up to April 13, 2009, compared to 830 in 1990. With the increase in number, cooperatives have diversified their involvement in micro & medium level enterprises. Indeed cooperative sector is flourishing one of the largest private sector business enterprises in Nepal. One of the factors that have contributed to the rapid expansion in both the number and the enterprise coverage of cooperatives is the new policy and legal regime allowing grassroots based spontaneous initiatives of communities to organize themselves into cooperatives for doing business and serving the communities. This is in contrast to the government led and government directed cooperatives prior to 1990. There are presently nearly 12,975 primary cooperatives and these are federated into a number of subject-specific cooperative unions at the district level (72), district cooperative unions (49), central cooperative union (5), and 1 national cooperative bank. The National Cooperative Federation is the apex level representative body of all the cooperatives at the national level. Among the five central level cooperative unions, there is one each for dairy, coffee, fruits and vegetables, consumers, and savings and credit.

A total of 1.8 million people are actively involved in cooperative organizations. Out of this, women cover nearly one-third percent out of the total membership. Total share capital is Nrs 3.6 billion. Total accumulated savings of the cooperatives is estimated to Rs 29 billion, outstanding loan is 29.87 billion. The contribution of the cooperative sector to gross domestic product is estimated around 1% while their contribution in the financial sector is 7 %.

1.2 Statement of the Problem

The principle and objective of cooperative society is based on the organize to increase the economic standard of farmer, workers, less capable people, professionals and people with small capital and income with their self efforts and cooperation. It is a medium to collect small capital and invest for the improvement of living standard of poor and disadvantaged people as well as middle class people. Cooperative tries to organize people of similar status, beliefs and capacity and devoted to solve almost problems in one place with team efforts and it helps to check the exploitation of rich people over poor people. Cooperative act, 2048 has made a legal provision to establish and run cooperative for the purpose of solving common problems of the people of similar class and profession with mutual help and cooperation and to compete in the modern complex market with high moral status and capacity.

Cooperative society helps in collecting scattered small fund from members of rural and semi-urban area and invests it for their future benefits. With the help of different cooperative societies members have been able to start some small business like shop, fancy store, vegetable farming, hatchery and pone farming and so on. With the help of these businesses, members have been able to contribute in their daily expenditure as well as help in saving for the future.

This study is concerned with the role of Bramhapuri Saving and Credit Cooperative Ltd. (BSCC), which is located at Lamatar VDC of Lalitpur district, and members who are inhabitant of Lamatar VDC of Lalitpur district. This study tries to find the answer to the following questions.

- ❖ What are the services provided for its members ?
- ❖ What are the various activities perform by BSCC ?
- ❖ What are the perceptions of member about organization?
- ❖ What are the effects on socio-economic conditions of its members?

1.3 Objectives of the Study

The specific objectives of the study are:

1. To find out the socio-economic characteristics of cooperative members in the study area.
2. To analyze the saving and borrowing activities of cooperative member in the study area.

1.4 Importance of the Study

Cooperatives are service oriented rather than profit oriented. Even if it makes any profit it is distributed among the members on the basis of their share investment. According to International Cooperative Organization, “Cooperative is sovereign organization of those

people, who voluntarily organize to fulfill their (common) similar types of economic, social and cultural needs and demands through the controlled and democratic business.”

Every research has its own impertinence. After the restoration of democracy in 2046 B.S, the whim of establishing cooperative is observed. The members of the cooperative should be benefited through the characteristics of cooperative like development of exploitation less economic relations, coordinative and supportive professionalism, transparency etc. The study is about the role of cooperative in rural economy so we can be hopeful that it helps in future study of cooperative and also to the researcher and policy maker to formulate and implement any plan and policy.

1.5 Limitation of the Study

1. This is a case study of BSCC, Lamatar VDC, Lalitpur.
2. This study has limited sample size.
3. Only cooperative members are interviewed.

So it represents the different types of economic changes by other cooperative organization in rural economy. This study is limited only in case analysis of BSCC. Again, this study is done by a student in short time with limited resources, so the conclusion drawn from this study tries to have the maximum representation in the concern study.

CHAPTER II

REVIEW OF LITERATURE

2.1 Conceptual Review of Literature

2.1.1. The Co-operative

A cooperative is a non-profit based service organization owned and operated by its members. In many ways it's like any other business; but in several important ways it's unique and different. A cooperative business belongs to the people who use it - people who have organized to provide themselves with the goods and services they need. A cooperative operates for the benefit of its members. These member-owners share equally in the control of their cooperative. The members elect directors which, in turn, hire management to manage the day-to-day affairs of the cooperative in a way that serves the members' interests. The cooperative ideal is one of people working together for a common goal; a common good. The cornerstones upon which your cooperative was built are a set of principles, known as the "Rochdale Principles", which date back to nineteenth century England. At a time when England was in the midst of social and economic change brought on by the Industrial Revolution, a group of struggling weavers and tradesmen banded together to organize what is considered the first modern cooperative. From that alliance for mutual advantage, a group of principles were developed, which became known as the "Rochdale Principles". Today's successful modern cooperative businesses are still based on these tried and true original principles. They are:

- Open and equal Membership to all;
- Democratic control - one member, one vote;
- Education of members, employees and the general public as to the benefits of cooperative enterprise;
- Emphasis on service rather than profit;
- Community involvement and working with other cooperatives for mutual advantages and a better society.

Today these simple principles form the basis for modern cooperatives of every description, from agricultural and consumer cooperatives, to financial and utility service cooperatives. Overall, these enterprises are characterized by self-help, operations at low cost, and service to their Members and society.

ILO(1960): A cooperative society is " an association of persons who have voluntarily joined together to achieve a common end through the formation of a democratically controlled

business organization, making equitable contributions to the capital required and accepting a fair share of risks and benefits of the undertaking in which the members actively participate. "

Johnson (2003): In an increasingly globalized world, cooperative organizations are more needed than ever, as a balance to corporate power and as an anchor to the grassroots level of society. Cooperatives hold the potential of being a driving force in our partner countries in the developing world, provided they can operate in a democratic environment. For the poor around the world, cooperatives can provide a much needed opportunity for self-determination and empowerment.

ICA (2003): A cooperative is “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. Cooperatives are based on the values of self-help, self responsibility, democracy, equality, equity and solidarity. In the tradition of cooperative founders, members of coops believe in the ethical values of honesty, openness, social responsibility and caring for others.”

2.1.2 Theoretical Review

However, a wide variety of cooperation has often been lumped together with the wastebasket term “cooperative.” The word itself is taken almost directly from its Latin root and has been in use since 1603. Cooperatives are often contrasted to commercial organizations, as though the distinguishing feature between cooperative and commercial forms of organization is the profit motive. However, some organizations such as retail grocery co-ops that proudly champion the label “co-op” are quite difficult to distinguish from their commercial counterparts. Indeed, they function much the same even in profit motive, but what would be known as profit is returned to members at the end of the year, causing the grocery co-op to function as an employee-owned corporation. In other uses, co-op is a synonym for altruism, presumably linguistically opposed to “competition,” and cooperative is then a synonym for social activists, or the name of a collection of social activists or a social movement (after Kling and Iacono, 1995). Related to this meaning a cooperative is any group that bands together to deliver some benefits to its members—this is cooperative action as analogous to collective action. While this phrasing connotes some form of protest or social conscience, as a practical matter these need not exist: an agricultural co-op attempts to secure stable prices for its members through block branding and sales, and this is a form of self-interested collective action. Here profit is the first motive, but the profit is simply channeled differently than it would be with a group of individual sellers. The surprise in the form of the ag co-op is that the members have chosen to compete in a different way (and not with each other), but it is not

true that they do not compete. In yet another sense, cooperatives are distinguished by the professionalism of their activities, and a “co-op” evokes a haven of amateurs that band together for all things, even things they are not qualified to do – as related to a commune.

2.2. Review of Some Empirical Studies

Regmi(2002), had tried to emphasize 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 quits and practical services.

He further adds, in context 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 a 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 needed by changing time and situation.

Hence, the gist of this article is that the new challenges of financial cooperative would be role activities like merchant banking, lease financing, factoring, brokerage etc. These activities actually should have been under taken by financial cooperatives but instead cooperative quasi banking activities.

Sharma (2002), tried to find the market demand of cooperative in Nepal with co-operative analysis of deposit collection and loan and advances. He attempted to find the financial performance of co-operatives and analyzed investment and lending practices.

For analysis of data, he used two tools. They are financial and statistical tools. Ratio analysis used under financial tools where as co-efficient of variation and least square method used under statistical tools.

His study concluded that:

1. If the co-operatives follow the same pattern of investment the co-operatives will be liquidated within a short span of time.
2. Future co-operatives market in Nepal is not found to be highly satisfactory. The co-operatives have narrower the credit market two lend in comparison to available supply of fund. Therefore the co-operatives can not consider to have better prospective if they continued the same trend of lending practice.

3. The condition of profitability is nice in comparison to equity fund but not pleasing enough from total assets utilization point of view. However the co-operatives seem to develop professionalism year by year as the co-operatives have increased interest rate between credit and deposit collection.
4. When there is credit defaults problem arises the co-operative may face liquidity crisis in future.
5. It can be concluded that the prospects of financial co-operatives in Nepal are not promising enough if they keep relying on same traditional lending and investment activities.

K.C. (2003) tried to analyze the present financial position and prospect of financial co-operatives. She also analyzed the investment and lending practices of financial co-operatives in Nepal. She based the financial and statistical tools are for analysis of data. Under financial tools liquidity ratio, assets management ratio, debt management ratio, profitability ratio are used. Under statistical tools mean, co-efficient of variation and least square are used.

Her findings are:

- The current ratio, loan and total deposit ratio, return of total assets, return on total deposit, total interest paid to total deposit ratio of selected financial co-operatives of Nepal are unsatisfactory.
- The liquid assets to total deposit ratio, cash and bank balance to total deposit ratio, operating expenses to operating income, return of loans advances, total interest earned to credit disbursed of selected cooperatives in Nepal are satisfactory.
- The financial co-operatives are going to face the problem of future for disbursement of credit in comparison to their deposit collection
- Co-operatives are reluctant to invest on agriculture sector.
- As the cooperatives are highly depended on hire purchase and housing loan i.e. putting them in danger of insolvency as this sector can not consider as a productive sector.
- The current major difficulties facing by the financial co-operatives are market unavailability for investment and debt recovery and they give emphasis towards political stability and security which will help to rise economic activities and to start up with new projects create market for them to invest.
- There is lack of efficient and skilled work force to run the financial co-operatives.

Shrestha (2003), Role of Cooperative in Rural Economy' unpublished MA thesis, Central of Dept. of Economies, TU, Kirtipur, Kathmandu has tried to explain the various activities performing by a rural co-operative society. This is case study of Co-operative Saving and service Center Nagadesh, Bhaktapur.

For analysis the data, she used simple statistical and mathematical tools.

Her study concluded that:

- Rural cooperatives in Nepal are smoothly running. The members are happy and they do not have complain against the cooperatives management.
- The investment of rural cooperatives is encouraging.
- The loan recovery of rural cooperatives is satisfactory.

Sharma (2003) In an article "Micro Finance Against Poverty: The Nepalese Scenario" has expressed the role of micro finance as follow ' Micro Finance is the financial service such as deposit, loans, payment, services, money transfer and insurance to poor and low income household and their micro enterprises studies in Nepal and elsewhere have clearly microfinance as one of the most powerful tools for alleviating poverty. MFI is both formal and informal providing financial services which help in creating job opportunities to micro

entrepreneur, both wage and self employment and there by generating income among the poor.

Upreti (2003) In the article "Micro Finance in Nepal" concluded that in the last decade of the 20th century it is accepted that Microfinance is one of the most significant contributor for poverty alleviation. The article further claims that in Nepal the poverty reduction rate is slower. If the proper model is used to the hill and terai region, the life standard of the poor people could be raised very fast.

Poudel (2005), in his unpublished dissertation had explained that Micro Finance program is the best way to uplift the rural people economically as well as socially. Microfinance program is relevant where commencing of big industries factory and enterprises in remote and rural area by the people living there is out of their capacity. Taking loan from bank is inconvenient and need long procedural to be followed. Due to lack of education the rural people doesn't go to bank for loan. They never tried to do something to ameliorate their living as they have been habituated to be satisfied from their traditional agricultural process and production. MFI is fruitful initiative as it reaches door to door of rural poor and promotes them to save and do economic activities.

CHAPTER III

RESEARCH METHODOLOGY

The study is mainly based on the micro study of Role of co-operative in rural economy. It seeks to have effectiveness and sustainability of saving and Credit co-operative in the specific study area.

3.1 Introduction of Study Area

Bramhapuri Saving and Credit Cooperative Ltd. is one of the many saving and credit institutions that have registered as cooperative organization under the Co-operative Act 1992. It is located at lamater VDC of Lalitpur District. Bramhapuri Saving and Credit Cooperative Ltd. was registered in 1999. The organization is also affiliated with the Nepal Federation of Saving and Credit Union, Nepal (NAFSCUN).

3.2 Research Design

A descriptive research design is adopted to analyze and interpret the quantitative and qualitative data collected from the concerned field. Loan investment and repayment process and situation are collected from reports of saving and credit co-operative. Primary and secondary data are used for the study of rural people who are the members in BSCC.

3.3 Nature and Source of the Data

The study is based on the primary as well as secondary data, however the objective have been meet of saving and credit co-operative in rural economy has been analyzed considerably study is mainly based on primary data collected from the field study through the questionnaire as presented in the Annex. The primary data has been collected during the month of August and September 2010. During the collection of data many people hadn't responded well so the data might not be accurate. This may be the cause of the possible error in calculation. The relative secondary data are obtained through secondary source eg books, pamphlets, journals, publication, Annual report of Cooperative and other supporting unit.

3.4 Population and Sample

In the study area, there are total 350 members. Out of 350 we have selected only 35 members considering due to resource and time constraints. The sample is about 10 % of the population which can be considered to be respondents of the entire study. Random sampling method has been used. The sampling frame was obtained from cooperative and lottery method was applied to select households.

3.5 Methods and Technique of Data Collection

During the collection of data researcher has visited the respondents' house. The respondents provide the questionnaire and collect the answers from respondents.

3.6 Presentation and Methods of data Analysis

All collected data and information have been analyzed and presented in the proper forms of charts, diagram groups and tables wherever necessary. In order to get the correct outcome and making the result useful, such tables and diagrams have been interpreted as far as possible. To analyze the data average, percentage, Standard deviation is used.

CHAPTER IV

DEVELOPMENT OF COOPERATIVE S IN DEVELOPING COUNTRIES

This chapter provides an overview of Socio-economic importance of cooperative institutions in developing countries.

4.1 A Brief of Historical Movements of Co-operative Development

The economic and social areas were influenced by the industrial revolution. The origin of modern cooperative movement was introduced in United Kingdom. Before the revolution, the United Kingdom was in same position as underdeveloped countries. Robert Owen was the pioneer of the cooperative movement.

Robert Owen (1771-1858)

Robert Owen, Welsh social reformer, pioneered cooperative ideas in the British Isles. As head of the New Lanark cotton mills in Scotland, Owen used his cooperative ideas to improve working conditions for his employees and to develop a cooperative store. In 1821, he published his experience with cooperative communities in a report of Lanark County. He dreamed of creating these communities all over England.

In 1827, he took these ideas to the United States where he established his ideal community at New Harmony, Indiana. Owen's communities did not endure, but his ideas were central to the cooperative movement.

William King (1828-1830)

Robert Owen influenced many social reformers in England, among them Dr. William King of Brighton. Dr. King established a cooperative store in Brighton and published *The Co-operator* as a vehicle for promoting cooperative ideas and enterprises. The paper was only published from 1828 to 1830, but it was circulated widely and had a strong influence on the growth of the cooperative movement. In a time of great social unrest, it served as an educational sheet and a unifying force to scattered cooperative groups.

Rochdale Equitable Pioneers' Society – 1844

The cooperative movement developed in response to the social ills of the early part of the 19th century. Child labor, long working hours under terrible working conditions, poverty, the displacement of cottage industries by the industrial revolution, and the famine years of the 1840s produced conditions ripe for revolution. Cooperative Societies was the answer to some of these ills.

Rochdale lies near the heart of industrial England, not far from Manchester and along the main route through the Pennines into Yorkshire. Many of the displaced cottage workers in Rochdale were weavers and other artisans. They viewed the consequences of industrialization with alarm. The growth of towns like Manchester and Birmingham and the oppression of the working classes seemed to threaten a whole way of life in this part of the country.

In 1844, a group of 28 Rochdale weavers and artisans formed The Rochdale Equitable Pioneers' Society to establish a cooperative store. The hope of the Owenites who dominated the group was to establish a cooperative community along the lines of Owen's experiments in Scotland. Together, the pioneers laid down the principles of the Society and the rules for operating the store.

The Rochdale Society was formally established with the election of officers on August 11, 1844. The executive committee included Miles Ashworth as president, James Daly, secretary and John Holt, treasurer. In addition to these officers, there were three trustees and five directors, all elected annually from among the members. Officers held quarterly meetings to give an account of their performance.

The success of the cooperative was not limited in United Kingdom alone. The cooperative spreaded out all over the countries of Europe. So United Kingdom is the mother country of modern co-operative and consumer co-operative.

Germany is the motherland of credit co-operative. The credit cooperative appeared in the mid of 19th century in Germany. In this time farmers and labours were dominated by merchants, therefore Raiffeisen and Franz Schulze started to work for their development. While Schulze was working in the urban area to improve the condition of industrial labours, Raiffeisen was working in the villages to eliminate the poverty of farmers. Both of them started credit co-operatives. The succeed of these co-operatives to gave a boost to the co-operative movement around the world.

The global expansion of co-operative following the success in England and Germany led to the establishment of International Co-operative Alliance. The ICA is one of the oldest existing international voluntary bodies. It is a worldwide confederation of co-operative organization, which was founded in 1895 by International Co-operative Congress held in London. It is only one International Organization entirely and exclusively dedicated to the promotion of co-operatives in all parts of the world.

4.2 The Statement on the Cooperative Identity

The International Cooperative Alliance, representing cooperatives around the world, approved the following statement in 1996:

Definition

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

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.

Principles

The cooperative principles are guidelines by which cooperatives put their values into practice.

First Principle: Voluntary and Open Membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

Second Principle: Democratic Member Control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are organized in a democratic manner.

Third Principle: Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any of all of the following purposes: developing the cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

Fourth Principle: Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

Fifth Principle: Education, Training and Information

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public -- particularly young people and opinion leaders -- about the nature and benefits of cooperation.

Sixth Principle: Cooperation among Co-operatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.

Seventh Principle: Concern for Community

While focusing on members needs, cooperatives work for the sustainable development of their communities through policies accepted by their members. (Adopted in Manchester (UK) by the General Assembly of the International Cooperative Alliance (ICA). 23 September 1995, on the occasion of the Alliance's Centenary.)

The Statement was the product of a lengthy process of consultation involving thousands of cooperatives around the world.

4.3 A development of cooperative in Nepal.

Nepalese people have a long tradition in cooperation having many forms of labour sharing informal mutual aid groups and rotating saving and credit association in rural areas with different ethnic groups. Dhikuri, Parma, Dharam bhakari and Gughi are to the traditional forms of informal cooperatives. However, modern cooperatives began in 1953 after the establishment of the department of cooperative (DoC) within the Ministry of Planning, Development and Agriculture to promote and assist cooperative development in the country.

The first cooperative formed in Nepal was credit cooperative societies with unlimited liability in the Rapti Valley of Chitwan district as a part of flood relief and resettlement program.

With the restoration of democracy in 1990 and promulgation of a new Cooperative Act, 1992, there has been resurgence in the cooperative movement in Nepal. This is evidenced by the fact that the number of registered cooperatives has grown to 12975 (Statistics Government of Nepal, Ministry of Agriculture & Cooperatives, Department of Cooperatives) as of the record up to April 13, 2009, compared to 830 in 1990. With the increase in number, cooperatives have diversified their involvement in micro & medium level enterprises. Indeed cooperative sector is flourishing one of the largest private sector business enterprises in Nepal. One of the factors that have contributed to the rapid expansion in both the number and the enterprise coverage of cooperatives is the new policy and legal regime allowing grassroots based spontaneous initiatives of communities to organize themselves into cooperatives for doing business and serving the communities. This is in contrast to the government led and government directed cooperatives prior to 1990. There are presently nearly 12,975 primary

cooperatives and these are federated into a number of subject-specific cooperative unions at the district level (72), district cooperative unions (49), central cooperative union (5), and 1 national cooperative bank. The National Cooperative Federation is the apex level representative body of all the cooperatives at the national level. Among the five central level cooperative unions, there is one each for dairy, coffee, fruits and vegetables, consumers, and savings and credit.

A total of 1.8 million people are actively involved in cooperative organizations. Out of this, women cover nearly one-third percent out of the total membership. Total share capital is Nrs 3.6 billion. Total accumulated savings of the cooperatives is estimated to Rs 29 billion, outstanding loan is 29.87 billion. The contribution of the cooperative sector to gross domestic product is estimated around 1% while their contribution in the financial sector is 7 %.

4.4 Types of Cooperatives

Mainly there are single purpose and multipurpose co-operative in world co-operative movement.

1) Single Purpose Co-Operative

There is only one objective to fulfill the demand of member in a single purpose co-operative. It has certain area for operation. It is easy to manage a single purpose co-operative. Members and area and area of operation is limited.

- a) Consumer Co-operative: They are formed by consumers. They supply daily necessities at reasonable price. They buy goods directly from manufactures and wholesalers and eliminated the middle men. They save lower and middle class consumer in urban area.
- b) Producer Co-operative: they are formed by small scale producers. They help to face competition from large scale producers.
- c) Farming Co-operative: They are formed by small farmers to take advantage of large scale farming. They pool their lands. The farming is done collectively with the use of modern technology and inputs.
- d) Marketing Co-operative: They are formed by independent small producers and market their goods at attractive pieces. The cooperative serve as a central sales agency.
- e) Housing Co-operatives: They are formed by low and middle income people in urban areas to own a house. They can acquire land and sell plots to members at reasonable price.
- f) Health Co-operatives: They are formed by low and middle income people in urban areas. They provide health services.

- g) Saving and Credit Co-operatives: They are formed by small savers from low and middle income group. They provide short terms loans to the members on easy terms. They promote the habit of saving .
 - h) Other Co-operatives: They are formed for specific purpose. They can be related to cold storage, fisheries and poultry, transport, printing press, technology, education and others.
- 2) Multipurpose Co-operative:

Different objectives and functions are done in multipurpose co-operative societies to fulfill the demand of members. The area of operation may be wide. Multipurpose co-operatives can do business in credit, saving, marketing, processing, dairy etc at the same organization.

CHAPTER V

DATA PRESENTATION AND ANALYSIS

In this chapter data available from survey is tabulated. Analysis has been carried out according to the sections included in the questionnaire sheet.

5.1 An Introduction to BSCC

BSCC was established with the objectives of playing role in sustainable development and poverty reduction through saving and credit co-operative campaign around Lamatar and Lubhoo VDC. In the beginning the cooperative has started its works as informal fund collection group with 47 member. Afterwards it was registered as co-operative having 25 member after fulfilling the minimum legal requirements provisioned by the cooperative act 2048. The organization has 9 members in its management committee including chairman, vice-chairman, secretary, treasurer and five members. Now it has 350 members as shareholder.

It provides various types of loan and services to its members. The cooperative did not take any international grants till now. The main objective of this cooperative is to contribute to the economic and social development programs by mobilizing one resources.

5.2 Socio-economic Profile in the Study Area

The analysis attempts to analyze the information received form the questionnaire observation and informal discussion. Data available from survey is tabulated. Analysis has been carried out according to the sections included in the questioner sheet.

5.2-1 Sex wise Structure of the Respondents:

Table 5.1 shows the distribution of sex wise structure of the respondents.

Table 5.1: Distribution of sample by Sex Group

Sex Group	No. of Respondent	Percentage
Male	18	51.43
Female	17	48.57
Total	35	100

Source: Field survey, 2013

Result from table shows that respondents from Male group and Female groups are 51.43% and 48.57%. Among the respondent male and female are find an almost equal proportion.

5.2-2 Age Wise Structure of the Respondents:

We have presented the age structure of respondents of sample in the study area. It is found that there is no age restriction to be a member of the group. The maximum number of particular belonged to age group 16-45 years. The table has presented the age group on present of the respondents.

Table 5.2: Distribution of sample by age structure

Age Group	No. of Respondent	Percentage
16-45	26	74.29
46-60	4	11.42
Above 60	5	14.29
Total	35	100

Source: Field survey, 2013

Result from table shows that respondents from 16-45 age group and 45-60 age groups are 74.29 and 11.42%. The age group of above 60 is 14.29%. Thus the age group of 16-45 years has played a vital role in the saving groups. Therefore most of the people in young age are involve in financial activities.

5.2-3 Ethnic composition of the sample:

In under developed society, caste and Ethnicity has important role to play for the success or failure of the saving group aimed of uplifting the economic social status of people of society. The following table shows the composition of Ethnicity group :

Table5.3: Distribution of sample according to Ethnicity

Cast/ Ethnic	No of Respondent	Percent
Brahman/ Chhetri	19	54.29
Janajati	12	34.28
Dalit	4	11.43
Total	35	100

Source: Field survey, 2013

Members of co-operative are from different parts of the country and different ethnic group, the ethnic composition of the sample is also dues. Brahman / Chhetri and Janajati constituted 54% and 34% of the total sample respectively. Dalit consist 12% of the total sample members of co- operative .

Fig.1: Composition of Respondents according to the Ethnicity

Source: Field survey, 2013

5.2-4 Educational status of the sample

Education plays a most important role in the economic development of the nation. Without education, development is not possible. Educational status of a people plays a key role in the effort of any endeavor to uplift the society from repression and scarcity needs less to say it has a positive in the success of rural people.

Fig. 2: Educational Status of Sample

Source: Field Survey, 2013

The study shows that 85.71% of sample is literate whereas 14.29% of people are illiterate.

5.2-5 Family size

The table 5.4 gives the family size of respondents, interviewed in quantitative survey .

Table 5.4: Family size

S.No.	Family size	No of Respondents	Percentage
1	Less than 5	6	17.14
2	5 to 8	28	80.00
3	More than 9	1	2.86
Total		35	100

Source: Field survey, 2013

The above table shows that most of the members are living a family of 5 to 8 members which is 80% respondents . One respondent have above 9 members which is 2.86% of total respondents.

5.2-6 Land Holding Size

Nepal is an agricultural country and more than 83% of the population is depend on farming. The possession of land is considered to have economic and social and social status. The research revealed that none of the respondents well landless.

Table 5.5 : Size of land Holding

S.N.	Land size	No. of Respondents	Percentage
1	0-5 Ropani	28	80.00

2	5-10 Ropani	4	11.43
3	Above 10 Ropani	3	8.57
4	Total	35	100.00

Source: Field survey, 2013

The land possession shows that most of the families fall under small farmer 28 respondents have land holding below 5 Ropani , 4 respondents have 5-10 Ropani land rest of the respondent have above 10 Ropani.

5.2-7 Land tenure status:

The table 5.6 gives the analysis data on land tenure status of the respondent interviewed in the main survey.

Table 5.6 : Land tenure status

S.N.	Tenure status	No. of Respondents	Percentage
1	Land Owner	29	82.86
2	Tenant	6	17.14
3	Total	35	100.00

Source: Field survey, 2013

Out of total respondent 82.86% respondents have their own land and rest 17.14% respondents cultivate their land as a tenant. Most of the respondent have their own land. It means most of the respondents do not pay rent for the land and all the income from agriculture is not divided for.

5.2-8 Food Sufficiency Status

The below table gives sufficiency status of respondents interviewed during the survey.

Table 5.7 : Food Sufficiency Status

S.N.	Status of food sufficiency	No. of Respondents	Percent
1	Sufficiency	7	20.0
2	Insufficiency	28	80.0
3	Total	35	100.0

Source: Field survey, 2013

Out of total respondent 20% respondents produce sufficient food for their family from their own land and rest 80% respondents do not have sufficient food from their agricultural farm. They engage in agricultural sector but not have sufficient food production for their family members.

5.2-9 Months for food insufficiency group

The below table gives month of food insufficiency status about respondents interviewed during the survey. This data is collected from field survey and asked the questions for food sufficiency months in a year?

Table 5.8 : Months for food insufficiency group

S.N.	Food sufficiency months per year	No of Respondents	Percent
1	1	2	5.7
2	2	7	20.0
3	3	5	14.3
4	4	3	8.6
5	5	5	14.3
6	6	1	2.9
7	8	3	8.6
8	9	1	2.9
9	10	1	2.9
10	Total	28	80.0
11	Sufficient food	7	20.0
		35	100.0

Source: Field survey, 2013

The above table shows that 25 % respondent have sufficient food from their own agricultural production for 2 months only . It shows that most of the respondents does not have food sufficiency from their own production .

5.2-10 Condition of House of the Respondents

The below table 5.9 gives the condition of house of the respondents collected data during the survey period.

Table 5.9 : Condition of House of the Respondents

Types of House	No. of House	Percentage
Concrete	18	51.4
Thatched	17	48.6
Total	35	100.0

Source: Field survey, 2013

Table 5.9 shows that more than 50% respondents live in concrete house. Respondent of thatched house want to change their living structure.

5.2-11 Share Investment in BSCC

Table 5.10 gives the information about the share investment in BSCC by the respondents.

Table 5.10 : Share Investment in BSCC

S.N.	Share in Rupees	No of Respondents	Percent
1	1000	1	2.9
2	3000	29	82.9
3	4000	1	2.9
4	5000	2	5.7
5	7000	1	2.9
6	15000	1	2.9
7	Total	35	100.0

Source: Field survey, 2013

The above table shows that 1 respondent has share of less than Rs2000 . Thirty respondents have share of between Rs. 2000 to Rs 4000 . One respondent has invested share of Rs.4000 to 6000 and 3 respondents have share of above Rs 6000.

5.2.12 Types of Support needed from Cooperative

Table 5.11 shows the support needed to respondents from cooperative. The members expect three types of support from the BSCC. Most of them are expected financial support from BSCC.

Table 5.11: Types of Support needed from Cooperative

Types of Support	No. of respondents	Percent
Financial	23	65.7
Technical	4	11.4
Training	8	22.9
Total	35	100.0

Source: Field Survey, 2013

Out of total respondent 65% respondents expect financial support from BSCC, 11.4% respondents expect technical support and among them 22.9% need training support.

5.2.13 Land size on the Basis of Ethnic Groups

Below table 5.12 shows the land size divided to ethnic group according to No. of respondents.

Table 5.12: Land size On the basis of Ethnic group

Ethnic group		Land size category [Ropani]			Total
		Below 5 Ropani	5 - 10 Ropani	Above 10 Ropani	
Brahmin/Chhetri	No of Respondents	8	7	4	19
	% within Ethnic group	42.1%	36.8%	21.1%	100.0%
Janajati	No of Respondents	11	1	0	12
	% within Ethnic group	91.7%	8.3%	.0%	100.0%
Dalit	No of Respondents	4	0	0	4
	% within Ethnic group	100.0%	.0%	.0%	100.0%
Total	No of Respondents	23	8	4	35
	% within Ethnic group	65.7%	22.9%	11.4%	100.0%

Source : Field Survey 2013

From above table shows that 42.10% Brahmin , 91.7% Janajati and 100% Dalit have land below area of 5 ropani. It shows that 36.8% Brahmin, 8.3% Janajati and 0% Dalit have land

5 to 10 ropani. There is 4 ropani of land have belongs to Bramhin only other ethnic group have no land above 10 ropani. It means Bramin/ Chhetri have more land among other ethnic groups.

5.2.14 Age wise Annual agricultural output

Below table 5.13 shows the analysis of age wise agricultural output of respondents interviewed in field survey.

Table 5.13: Age wise Annual agricultural output

	Age groups	No. of Respondents	Mean	Std. Deviation
Annual agriculture output [Rs]	16 - 45 yr	26	44196.15	42259.86
	46 - 60 yr	4	46250.00	45257.59
	Above 60 yr	5	38000.00	16807.73
	Total	35	43545.71	39151.36

Source: Field Survey 2013

From above table shows that among the respondents 26 of them have agricultural output of Rs. 44196.15 in an average . But 4 and 5 respondents have agricultural output of Rs 46250.00 and Rs 38000 in an average. It shows that most of the respondents of 16 to 45 yrs age group have agricultural output.

5.2.15 Age wise Share investment

Below table 5.14 shows the analysis of age wise share investment of respondents interviewed in field survey.

Table 5.14: Age wise Share Investment

	Age groups	No. of Respondents	Mean	Std. Deviation
Share amount [Rs]	16 - 45 yr	26	3423.08	2402.883
	46 - 60 yr	4	4000.00	2000.000
	Above 60 yr	5	3800.00	1095.445
	Total	35	3542.86	2187.435

Source: Field Survey 2013

Out of total respondents 26 of them invest the share of Rs. 3423.08 they are the age group from 16 to 45 yrs. Remaining 4 and 5 respondents invest the share of Rs 400.000 and Rs 3800 in an average. It shows that most of the respondents of 16 to 45 yrs age group have agricultural output .

5.2.16 Age wise Annual Income from Co-operative

Table 5.15 shows age wise annual income from in co-operative of respondents interviewed during the field survey.

Table 5.15: Age wise Income from Co-operative

	Age groups	No. of Respondents	Mean	Std. Deviation
Annual cash income from cooperative [Rs]	16 - 45 yr	26	1119.23	957.505
	46 - 60 yr	4	975.00	550.000
	Above 60 yr	5	960.00	230.217
	Total	35	1080.00	843.592

Source: Field Survey 2013

Among the respondents 26 of them have annual income of Rs. 1119.23 in an average. But 4 and 5 respondents have annual income Rs 975.00 and Rs.960 only in an average. It shows that most of the respondents of 16 to 45 yrs age group have highest annual income from BSCC .

5.2.17 Education wise Agricultural output

Table 5.16 shows education wise agricultural output of respondents interviewed during the field survey.

Table 5.16: Education wise Agricultural output

	Education Status	No. of Respondents	Mean	Std. Deviation
Annual agriculture output [Rs]	Illiterate	30	48703.33	40033.938
	Literate	5	12600.00	3577.709
	Total	35	43545.71	39151.360

Source: Field Survey 2013

Out of total respondents, 30 illiterate respondents have agricultural output of Rs. 48703.33 in an average . Remaining 5 literate respondents have agricultural output of Rs. 12600.00. It shows illiterate respondents have higher agricultural output than literate

5.2.18 Education wise Share investment in Co-operative

Table 5.17 shows education wise share investment of respondents in BSCC interviewed during the field survey.

Table 5.17: Education wise Share investment in Co-operative

	Education Status	No. of Respondents	Mean	Std. Deviation
Share amount [Rs]	Illiterate	30	3633.33	2355.966
	Literate	5	3000.00	.000
	Total	35	3542.86	2187.435

Source: Field Survey 2013

Out of total respondents, 30 illiterate respondents invested Rs. 3633.33 in an average. Remaining 5 literate respondents invested Rs 3000.00. It shows illiterate respondents have higher share investment than literate.

5.2.19 Education wise Annual Income from Co-operative

Table 5.18 shows education wise annual income of respondents from BSCC interviewed during the field survey.

Table 5.18: Education wise Annual Income from Co-operative

	Education Status	No. of Respondents	Mean	Std. Deviation
Annual cash income from cooperative [Rs]	Illiterate	30	1016.67	721.628
	Literate	5	1460.00	1436.315
	Total	35	1080.00	843.592

Source: Field Survey 2013

Out of total respondents, 30 illiterate respondents have annual income from BSCC of Rs. 1016.67 in an average. Remaining 5 literate respondents have annual income of Rs 1460.00. It shows literate respondents have higher annual income from co-operative than illiterate

5.3 Saving and Borrowing Status in the Study Area

5.3.1 Amount of Monthly Saving in Cooperative

Table 5.19 provides the information about the monthly saving by respondents collected data during the survey period.

Table 5.19: Amount of Monthly Saving in cooperatives by the members

Amount	No. of Respondents	Percentage
0 to 100	17	48.6
101-200	4	11.4
201-300	5	14.3
301-400	1	2.9
401-500	3	8.6
Above 500	5	14.3
Total	35	100

Source: Field survey, 2013

The above data shows that the 17 respondents save up to Rs 100 per month it represents 48.6% of total respondents. Out of total respondents only 2.9% respondents save Rs.301 to 400 per month in BSCC. It shows that most of respondents have in the saving group of Rs.100.

5.3.2 Loan borrowed borrowing status

BSCC provides financial support by lending to the members. This facility is provided for the members who are needed loan for their economic development.

Table 5.20: Loan borrowed borrowing status

Borrowing Status	No of Respondent	Percent
Borrower	17	48.6
Non-borrower	18	51.4
Total	35	100.0

Source : Field Survey, 2013

The above table shows that 17 members borrow the loan from BSCC and remaining 18 members do not use loan facilities. It means the below 50% members do not have loan from BSCC.

5.3.3 Loan Purpose

Cooperative members are provided loan from BSCC for five different purpose . These are agriculture, industry, service, trade and others.

Table 5.21 Loan Purpose

Loan Purpose	No. of Respondents	Percent
Agriculture	5	14.3
Industry	3	8.6
Service	4	11.4
Trade	2	5.7
Other	3	8.6
Total	17	48.6

Source: Field Survey, 2013

From above table show that 14 % borrower are provided loan facility for agriculture purpose. It shows that minimum members are interested to invest their capital in trade sector.

5.3.4 Utilization of Loan

Table 5.22 gives the information about loan utilization status of the respondents interviewed during field survey.

Table 5.22 Loan Utilization

Loan Utilization Status	No. Respondents	Percent
Used for Particular Purpose	15	42.9
Not used for Particular Purpose	2	5.7

Total	17	48.6
NA (Non-borrowers)	18	51.4
Total	35	100.0

Source: Field Survey 2013

From above table show that 88.2 % borrowers are properly utilize loan for particular purpose. It shows that minimum members are not utilize the loan .

5.3.5 Borrowers Interest Payment Status

Member must pay the interest on loan every month. Penalty on late payment of interest on loan is 5% per annum.

Table 5.23: Borrowers Interest Payment Status

Regularly Interest Paid	No of Res.	Percent
Yes	12	34.3
No	5	14.3
Total	17	48.6
NA (Non-borrowers)	18	51.4

Source: Field Survey, 2013

From above table show that 70.6 % borrowers pay interest regularly and 29.4% borrowers do not pay interest regularly . It shows that minimum members do not pay interest timely .

5.3.6 Loan Repayment Status of Borrower

BSCC made rules for repayment of loan for the borrower. Borrower should repay the loan in monthly and quarterly basis.

Table 5.24 Loan Repayment Status of Borrower

Repayment Status	No. of Respondents	Percent
Yes paid totally	6	17.1
Only partially	9	25.7
No, not at all	2	5.7
Total	17	48.6

NA (Non-borrowers)	18	51.4
--------------------	----	------

Source: Field Survey 2013

The above table shows that most of the borrower paid loan in partially and they repay the due loan before the maturity period. 11.8% are defaulter borrower who did not pay the loan timely.

5.3.7 Age wise Saving in Co-operative

Table 5.25 shows age wise saving in co-operative of respondents interviewed during the field survey.

Table 5.25: Age wise Saving in Co-operative

	Age groups	No. of Respondents	Mean	Std. Deviation
Savings per month [Rs]	16 - 45 yr	26	434.62	687.571
	46 - 60 yr	4	175.00	150.000
	Above 60 yr	5	200.00	70.711
	Total	35	371.43	601.748

Source: Field Survey 2013

Out of total respondents 26 of them have average saving of Rs. 434.62 in an average . Remaining 4 and 5 respondents invest the share of Rs 175.00 and Rs 200 in an average. It shows that most of the respondents of 16 to 45 yrs age group have agricultural output .

5.3.8 Age wise Loan in Co-operative

Table 5.26 shows age wise loan in co-operative of respondents interviewed during the field survey.

Table 5.26: Age wise Loan in Co-operative

Loan amount [Rs]	16 - 45 yr	12	51666.67	53229.065
	46 - 60 yr	2	15000.00	7071.068

	Above 60 yr	3	44666.67	25423.087
	Total	17	46117.65	46651.477

Source: Field Survey 2013

Among the respondents 12 of them have borrowed Rs.51666.67 in an average . But 2 and 3 respondents have borrowed Rs 15000 and 44666.67 in an average it shows that most of the respondents of 16 to 45 yrs age group have borrowed from BSCC.

5.3.9 Education wise Monthly Saving in Co-operative

Table 5.27 shows education wise saving of respondents in BSCC interviewed during the field survey.

Table 5.27: Education wise Monthly Saving in Co-operative

	Education Status	No. of Respondents	Mean	Std. Deviation
Savings per month [Rs]	Illiterate	30	290.00	303.258
	Literate	5	860.00	1436.315
	Total	35	371.43	601.748

Source: Field Survey 2013

Out of total respondents, 30 illiterate respondents have monthly saving of Rs. 290.00 in an average. Remaining 5 literate respondents have monthly saving of Rs 850.00. It shows literate respondents have higher share investment than illiterate.

5.3.10 Education wise Borrowing from Co-operative

Table 5.28 shows education wise borrowing from BSCC interviewed during the field survey.

Table 5.28: Education wise Borrowing from Co-operative

	Education Status	No. of Respondents	Mean	Std. Deviation
Loan amount [Rs]	Illiterate	13	39538.46	26700.859
	Literate	4	67500.00	89209.491
	Total	17	46117.65	46651.477

Source: Field Survey, 2013

Out of total respondents, 13 illiterate respondents borrowed from BSCC of Rs. 39538.45 in an average. Remaining 4 literate respondents have loan of Rs 67500.00. It shows literate respondents have higher loan amount from co-operative than illiterate.

CHAPTER VI

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 Summary

For our underdeveloped country like Nepal, the best way of mobilizing resources can bring quick development and the co-operatives institutions play a vital role in bringing this positive change.

We have earlier mentioned that co-operative is a mechanism targeted to the poor, to support them by providing resources in the form of credit and aims to make them aware on various social and economic aspects. Experiments have provide that co-operative for rural people is useful in empowering people status and in reduce their poverty.

Saving in cooperative is a pre requisite of availability the credit to poor, saving is an important part of the co-operative financing . Beside the income generating members are talking credit from within the group at the time of energy.

So saving has become their good source of money otherwise they would have to go to the money lender and it is accumulated the resource for future use. They all felt that it has cumulated a good habit of saving whether the sources of saving is project income of any other sources.

Although the subject is new Nepal it is the right way to fulfill the financial need of rural poor reaching the poor through financial intermediaries is found to be cost effective and targeting can be done correctly.

The study of the role of co-operative shows that the saving and credit programme is increasing in rural co-operative. The programme contributed in developing the confidence of people and increase interest in community activity of people. The major findings are:

- The member of BSCC of lamater VDC under the coverage of saving and credit are subsistence illiterate farmers. The involvement in saving and credit groups has employed people in various degrees. It has offered opportunities for poor people to come out of their households, confidence to organize themselves in groups and to work in productive and social activities.
- During the survey mostly the women respondents are found. To be illiterate, but now they understood that children both male and female have to go to school. They also felt the importance of the daughter education.

- During the survey it was found the most of the respondents are in age group of 16-45 years. Mostly respondents are from Brahmin/Chhetri in ethnicity and their percentage is 54.29.
- During the survey it was found the most of the respondents are illiterate. And most of them are involved in service sector but not in agricultural sectors.
- During the survey it was found the most of the respondents have land size below 5 ropani which is 80% of in total. They engage in agricultural sector but not sufficient land size to work and to produce the output.
- During the survey it was found that being based on agriculture occupation about 80% people are suffering from insufficiency of food for some months.
- The income level of the respondents found to be increased. The income level of the respondents increased not only due to increase in the cash flow but also due to reduce in interest payment.
- In the field survey it is found that most of respondents have bought share of Rs 3000 which is 82.9% of total respondents.
- In the field survey it is found that most of respondents borrowed loan from co-operative only 17 respondent is free from loan .
- Most of the saving groups save Rs 100 monthly and 5 respondents save above 500 per month.
- The field survey showed that most of the people expect financial support rather than other support provided by cooperative.
- The collected field survey data and analyzing the quantitative tools shows that the life standard of people has increased in lamater VDC
- The overall role of the saving groups was very positive in creative a form for people to participate in the social life.
- During the field survey, many respondents have answered that they get help from cooperative and they are satisfied from the service provided by co-operative.

6.2 Conclusion

Economic liberalization has encourage the establishment and growth of cooperatives in our country within a short span of time . After the introduction of “ Co-operative Act 2048” cooperatives are increasing quantitatively but qualitative is essential for the exact development. The co-operative change the society to organize people for fulfillment of their common objectives. People are conscious about the achievement of life can be secured through the financial participation in cooperative.

Cooperatives of Nepal are smoothly running since their establishment. The members of cooperative are satisfied for the service provide by cooperative. The investment, saving and other financial is increasing day by day.

The whole impact of the cooperative is associated in multi- dimensional way, which in this study is not possible due to various constrains. Any ways the role of cooperative on income generation and living standards is positive but it is not as much as it is to be productive. Thus in short the groups are towards satisfactory trend to reduce poverty and empowering their social empowerment but there are still many things to be done. And considering the solution of the existing problems there is need to come up with better planning for the future.

6.3 Recommendation

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

- The cooperatives are investing in unproductive sectors in large volume rather than in other growth oriented productive sectors. The role of cooperative in rural area is to be focus on productive sector rather than other sectors.
- Cooperative provides training in the area of leadership, agricultural farming to the members. Besides training exchange visit program is also an effective and essential tool to learn from other experience for proper development of individual member and group as a whole. There should be the mutual exchange of experience and training program.
- Cooperatives are recommended to practice activities like project management, share issue planning, loan issue and disbursement management and proper savings scheme and its mobilization.
- Role of saving and credit co-operative remains some possibility of developing the poor people from effective mobilization of saving and credit. So there should be proper identification and selection of the targeted groups to ensure that the really poor, backward communities are not left behind.
- There should be the regular monitoring mechanism to check whether the disbursed loan is used as per the objectives of the loan scheme.
- It was found that illiterate people are less interested to mobilize the borrowing. Therefore the co-operative should have initiate the special awareness program for borrowing mobilization and there income generation activities.
- Co-operative institution should try to accommodate all the marginalized and poverty-stricken people for the reduction of income equality.

- There should be the special plan of action to mobilize the rural surplus labour remained in the form of disguised unemployment for the effective income generating activities so that it helps to strengthen the rural economy.

APPENDIXES I

Questionnaire:

1. General Information

Date:-

Identification No:-

Name of respondent:-

Age:- 1 16-45 years 2 46-60 years 3 more than 60 years

Sex:- 1 Male 2 Female

Married Status:-1 Married 2 Unmarried 3 Widow 4 separated

Education:- 1 Illiterate 2 Literate

Cast /Ethnic Group:- 1 Bramhin Chhetri 2 Janajati 3 Dalit

VDC:- **Ward No.:-**

Occupation:-

Family Structure and house hold size:.....

2. Economic Status

2.1. What is the land size holding and production?

1. less than 5 (in ropani) 2. 5-10 (in ropani) 3. Above 10 ropani.

2.2 What is your land tenure status ?

1. [] Owner cultivates 2. [] Tenant cultivate

2.3 Do you produce sufficient food for your family in your own land?

1. [] Yes 2. [] no 3. [] more than necessary

2.4 If you do not produce sufficient food for your family how many months it is possible in a year?

.....

2.5 What is the condition of your house?

1. [] Concrete 2. [] Thatched

2.6 Do you have domestic animals?

1.[] Yes 2.[] No

2.7 If yes , total no of animals

.....

2.8 How much amount of share do you have in the Bramhapuri Saving and Credit Co-operative Ltd.

1. less than 2 thousand 2. 2-4 Thousand
3. 4 -6 Thousand 4. More than 6 thousand

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