

ROLE OF CO-OPERATIVES ON RURAL AREAS :
A CASE STUDY ON KANTIPUR SAVING AND CREDIT CO-
OPERATIVE LTD, SHIRSH VDC OF DADELDHURA DISTRICT

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By
Pushpa Raj Pandey
Roll No : 100/67
T.U. Regd. No : 6-2-681-3-2007
Central Department of Economics
Tribhuvan University, Kirtipur
Kathmandu, Nepal
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TRIBHUVAN UNIVERSITY
CENTRAL DEPARTMENT OF ECONOMICS

Office of the Head of the Department

LETTER OF RECOMMENDATION

This thesis entitled **ROLE OF CO-OPERATIVES ON RURAL AREAS : A CASE STUDY OF KANTIPUR SAVING AND CREDIT CO-OPERATIVE LIMITED, SHIRSH VDC OF DADELDHURA DISTRICT** has been prepared by Mr. Pushpa Raj Pandey under my supervision and guidance. I hereby recommended this thesis for examination by the thesis committee as a partial fulfillment of the requirements for the Degree of Master of Arts in Economics.

Prof. Dr. Rudra Prasad Gautam
Thesis Supervisor

Date : 25/02/2073 B.S.

07/06/2016 A.D.

APPROVAL LETTER

This is to certify that the thesis entitled **ROLE OF CO-OPERATIVES ON RURAL AREAS : A CASE STUDY OF KANTIPUR SAVING AND CREDIT CO-OPERATIVE LIMITED, SHIRSH VDC OF DADELDHURA DISTRICT** submitted by Mr. Pushpa Raj Pandey to the Central Department of Economics, Faculty of Humanities and Social Sciences, Tribhuvan University, in partial fulfillment of the requirements for the Degree 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.

Thesis Committee

Prof. Dr. Ram Prasad Gyanwaly
Head of the Department

Prof. Dr. R.K. Shah
External Examiner

Prof. Dr. Rudra Prasad Gautam
Thesis Supervisor

Date : 02/03/2073 B.S.

16/06/2016 A.D.

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TABLE OF CONTENTS

Letter of Recommendation	i
Approval Letter	ii
Acknowledgements	iii
Table of Contents	v
List of Tables	vi
List of Figures	vi
List of Acronyms	viii
CHAPTER I : INTRODUCTION	1-14
1.1 Background of the Study	1
1.2 A Brief Historical Movement of Co-operative Development	3
1.3 History of Cooperative in Nepal	5
1.4 Types of Cooperative	8
1.5 Statement of the Problem	11
1.6 Objectives of the Study	12
1.7 Significance of the Study	12
1.8 Limitations of the Study	12
1.9 Research Methodology	13
1.9.1. Introduction of Study Area	13
1.9.2 Research Design	13
1.9.3 Nature and Sources of Data	13
1.9.4 Sampling Procedures	13
1.9.5 Data Analysis	14
1.9.6 Organization of the Study	14
CHAPTER II : REVIEW OF LITERATURE	15-24
2.1 International Review	15
2.2 National Review	17
CHAPTER III : INTRODUCTION OF KANTIPUR SAVING AND CREDIT COOPERATIVE	25-29
3.1 Background	25
3.2 General Assembly Meeting	26

CHAPTER IV : DATA PRESENTATION AND ANALYSIS	30-42
4.1 Socio-Economic and Demographic Profile in the Study Area	30
4.1.1 Sex-wise Structure of the Respondents	30
4.1.2 Age-wise Structure of the Respondents	30
4.1.3 Family Size	31
4.1.4 Educational Status of the Respondents	31
4.1.5 Schooling of Children	32
4.1.6 Ethnic Composition of the Respondents	33
4.1.7 Land Holding Size	33
4.1.8 Land Size on the basis of Ethnic Groups	34
4.1.9 Land Tensure Status	35
4.1.10 Food Sufficiency Status	35
4.1.11 Condition of House of the Respondents	36
4.1.12 Drinking Water	36
4.1.13 Toilet Structure of Respondents	37
4.1.14 Fuel Consumption of Respondents	37
4.1.15 Share Investment in KSCC	38
4.1.16 Type of Support needed Cooperative	39
4.2 Saving and Credit Status of Members	39
4.2.1 Monthly Saving in Cooperatives	39
4.2.2 Loan Borrowed Borrowing Status	40
4.2.3 Loan Purpose	40
4.2.4 Utilization of Loan	41
4.2.5 Borrowers interest Payment Status	41
4.2.6 Loan Repayment Status of Borrower	42
4.2.7 Importance of Cooperatives	42
CHAPTER V : SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS	43-46
5.1 Summary of Findings	43
5.2 Conclusion	44
5.3 Recommendations	45
REFERENCES	47-48
APPENDIX	49-51

LIST OF TABLES

Table No.	Title	Page No.
4.1	Distribution of Sample by Age structure	30
4.2	Family Size	31
4.3	School of Children	32
4.4	Ethnic composition of the Respondents	33
4.5	Size of Land Holding	34
4.6	Land Size on the basis of Ethnic group	34
4.7	Land Tenure Status	35
4.8	Food Sufficiency Status	35
4.9	Condition of Houses of the Respondents	36
4.10	Drinking Water Composition of Respondents	36
4.11	Toilet Structure of Respondents	37
4.12	Fuel Consumption of Respondent	38
4.13	Share Investment in KSCC	38
4.14	Types of support needed from cooperative	39
4.15	Amount of Monthly Saving in Cooperatives by the Members	40
4.16	Loan Purpose	40
4.17	Loan Utilization	41
4.18	Borrowers Interest Payment Status	41
4.19	Loan Repayment Status of Borrower	42

LIST OF FIGURE

Figure No.	Title	Page No.
4.1	Educational Status of Sample	32

ACRONYMS

ACCU	-	Asian Confederation of Credit Unions
CEDECON	-	Central Department of Economics
CMPCU	-	Central Milk Producer's Cooperative Union
CUMI	-	Credit Union Microfinance Innovation
DOC	-	Department of Cooperatives
DSA	-	Daily Service Allowance
FY	-	Fiscal Year
GDP	-	Gross Domestic Product
ICA	-	International Cooperative Alliance
IDP	-	Institutional Development Programme
ILO	-	International Labour Organization
KSCC	-	Kantipur Saving and Credit Co-operative
NCDB	-	National Cooperative Development Board
NCF/N	-	National Cooperative Federation/Nepal
NCFCC	-	National Cooperative Federation Consultative Committee
NEFCUN	-	Nepal Federation of Saving and Credit Cooperative Unions
NEPSCUN	-	Nepal Saving and Credit Union
NRs.	-	Nepalese Rupee
SACCOS	-	Saving and credit Co-operatives Society
SCCS	-	Saving and credit Co-operatives
VDC	-	Village Development Committee

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Nepal is a landlocked, a beautiful and Himalayan country of the world. Nepal is known as place of Buddha and Mount Everest. Nepal lies between two big country, China in the north and India in east, west and south with the open border. The country has 1,47,181 sq.km. in area, which accounts as 0.03 percent of the world and 0.3 percent of Asia. Geographically it lies between 20°22' to 30°27' north longitude and 80°4' to 88°12' latitudes. Nepal 885 km length and 193 km breath. It is administrative divided into five development regions, 14 zones and 75 districts. The total population of Nepal is 2,64,94,504. 47.5 percent of people are males, 51.5 percent of people are females. The population growth rate is 1.35 percent and population density 180 per square km (CBS, 2011).

The term cooperative is derived from the latin word "cooperatives" 'co' means together and operari means work, which means working together, But in boarder sense, it means the system in which people voluntarily associated and working together for achieving mutual goal. The motto behind cooperative is "each for all and all for each" and its system for self help through mutual help.

Co-operation means working together, first the meaning of co-operative indicates, toward to found help among people. The large scale participation of rural people in co-operation activities provides and important potential for income generation and equality in rural areas. The rural co-operative member to be developed in order to transform co-operative 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.

Co-operatives in Nepal represents diverse section of the society. The advantage of co-operative can be utilized for the greatest benefits of the poorest of the poor though entrepreneurships with direct active involvement of the poor people specially the rural women, social inclusion, traditional custom and social values are pointed out as the

main cause for least participation and limited access in resources to women which is creating poverty and backwardness in the society.

Co-operative are regarded as an effective medium in achieving the goal of poverty alleviation. The co-operative organization has been defined in different ways by the thinkers and scholars. A few of them have been presented has.

Mehta (1964) has defined cooperative is only one aspect of a vast movement which promotes voluntary associations of individual having common needs who combined toward the achievement of common economic end.

Calvert (1971) defined cooperative as a form organization where in the person voluntarily associated together for a common economic need to lift themselves and other out of weakness in to strength through business organization conducted for the common benefit of all who join it.

The state has recognized the cooperative sector as an integral part of the national development after the interim constitution of Nepal, 2006 adopted policy to developed country's economy through public, private and co-operative sector. Organizations structure has already been developed from the primary level to national and international levels for development, extension and promotion of co-operatives in the country, since the cooperative is an economic and social system, the people need can be meet through the mobilization of their limited means and resources. (MOF, 2013)

The number of co-operative grows by 187.2 percent, membership by 228.8 percent, capital by 2656.7 percent and net saving by 653.5 percent net investment by 5576.7 percent in FY 2012/013 as compared to that FY 2006/07. Attraction toward cooperative can be easily assumed as sector like financial service, production, processing, marketing, health, transportation, communication, electricity, having tourism and insurance have started transaction based on the co-operative modality. Cooperative institutions that had their saving mobilization worth NRs. 19.15 billion in FY 2006/07. Recorded of growth and saving of 653.5 percent reaching a total of NRs. 147 billion by the first eight month of the current fiscal year. This indicates that co-operatives plays an importance role in saving mobilization. Likewise the total share capital of all cooperative institution has reached as NRs. 29 billion (MOF, 2013).

Co-operatives getting engaged business by utilizing their own limited resources, means and skills. Resources, means and skills are considered an important of social economic.

The trend of co-operative to engaged themselves in business sector like saving and credit, dairy, fair price shops, tea, coffee, vegetable, fruits, agriculture, honey, sugarcane, herbs, health, tourism and communication has continue to grow.

1.2 A Brief Historical Movement of Co-operative Development

The origin of modern cooperative movement was introduces in United Kingdom. Before the revolution, the United Kingdom was in some position as under developed countries. Robert Owen was the pioneer of the cooperative movement.

Robert Owen, Welsh social reformer, Pioneered cooperative ideas in the British Isles. As head of 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 country. He dreamed of creating these communicates, all very 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.

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.

The cooperative movement developed in response to the social ills of the early part of the 19th century. Child labour, 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 society was the answer to some of these ills.

Rochdale lies near the heart of industrial English, 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 oppression of the working classes seemed to threaten a whole way of life in this part of 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 experiment in Scotland. Together, the pioneers laid down the principle 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 to the United Kingdom alone. The cooperative spread out to all the countries of Europe. So the United Kingdom is the mother country of modern co-operative and consumer co-operatives.

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 labour 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 village to eliminate the poverty of farmers. Both of them started credit cooperatives. They succeeded to these co-operatives to give a boost to the co-operative movement around the world.

The global expansion of cooperative 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 an worldwide confederation of cooperative organization, which was founded in 1895 by International cooperative congress held in London. It is only one International organization entirely and exclusively dedicated to the promotion of cooperatives in all parts of the world.

1.3 History of Cooperative in Nepal

The concept of working together for mutual benefit was in practice in Nepal from the very ancient times. In ancient times, the concept of co-operative emerged in the form of PARMA in hilly region, DHIKURI in western part and MANKAKHALA and GUTHI and Kathmandu valley and in some places DHARMA BHAKARI. Dharm Bhakari means in which each family in the village puts a side certain quantities of grain after the end of harvest season. At the time of scarcity the quantity of grains is distributed on advance to the farmers. Loan is advance from the grain banks only to the villagers who have contributed to the bank and agree to pay the loan in kind with interest.

Established the department of cooperative (DOC) under the Ministry of agriculture for planning and development act 1953. The first cooperative is Bakhan credit cooperative society in Chitwan was established at 1956.

'Parma' is another type of traditional rural cooperative. Historically, it is the first cooperative in Nepal. It is such system under which farmers, neighbours, friends and relatives work together to promote their economic and social interest.

Likewise 'DHIKURI' is a best example of voluntary cooperation which is very much popular in Thakali society. It is formed by a group of people for specific work. In this system, the members prepare the rules and regulations. Every member is required to contribute certain amount of capital to the fund of Dhikuri.

'MANKA GULHI' is practiced as group farming in Kathmandu valley. Each group is called 'MANKU KHALA' and the head of that group is called 'Thakali' which means the chairman of that group. Informal group of farmers are formed for doing agricultural operations like cultivation and harvesting in this way concept of cooperative in Nepal is not very new.

It began together with the human cultivation to live together in a society or community. But it has not been possible to fix the time from when co-operative begin. If we turn over the history of co-operative movement in Nepal, the regained history can be traced back to about 48 percents. The history of organized co-operative in Nepal began after the establishment cooperative department in the year 1993, under the Ministry of Agricultural for the establishment promotion, supervision and evaluation of cooperative societies.

In the beginning cooperatives movement in real sense was geared up with the establishment of 13 credit co-operative societies in 1956 as a part of the resettlement program for the flood affected people in Rapti Besi under the active support of United States Agency for International Development of experimental basis. These cooperative were previously registered under an executive order of his Majesty's government of Nepal.

In 1953 the First Five Year Plan (1956-61) was formulated which identified that cooperative movement in developed in healthy and efficient manner, it would progressively abolish excessive indebtedness and contribute significantly in rising the living standard of the member of cooperative societies.

Considering the importance of necessary rules and regulations for managing and guiding co-operative Act was passed in 1959, which not only provided a sound legal basis for organizing cooperatives but also recognized all cooperatives so far previously registered under an executive department of the government.

Consequently cooperative society rules 1961 was promulgated which spurred the cooperative movement in the country with the introduction of the first cooperative act, numerical growth of the cooperative boomed up. In the mean time, the cooperative were tied up with the so called revolutionary many land reform programs. A cooperative bank was established in 1963 for providing credit to cooperative as well as agro business or industries. Cooperative Bank was converted into Agricultural Development Bank in 1967. Agricultural Development Bank was considered as a specialized bank for providing credit to cooperatives, individuals agro-business and marketing etc. Later on cooperative training center was established in order to provide training on cooperatives within the country. In 1976 the cooperatives, were

redesigned as Sajha. The cooperative societies were also subjected to various agencies regarding management and control. In the early seventies they were handed over back to the cooperatives Development that has remained under different ministries. For whatever Purpose the cooperatives societies were established they could not work satisfactory enough to meet their objectives. The cooperatives society converted into Sajha Institution was for providing basic facilities like agricultural credit, agricultural input and consumer goods to individual Peasant. The objectives of Sajha institutions were set as supply of daily necessary consumers goods, supply of improved seeds, pesticides and fertilizers, purchase of agricultural production and make necessary arrangements for storage, mobilize saving by establishing banking facilities in rural areas and providing raw materials, credit to develop cottage industries. As a result all the cooperatives and village committees were converted into Sajha institution in Nepal.

Despite the long experience in the formation of Multit purpose societies, the position of the cooperative did not improve up to the desired level. Many co-operative societies remained multi propose only in name. Almost all the cooperative societies suffered from the lack of capital and poor volume of business.

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

Soon after the restoration of democracy in 1990, a high level National Cooperative Confederation Advisory Committee (NCCAC) was formed by the interim the government. The committee made on an in-depth analysis of the problems faced by cooperatives movement and laid emphasis of the need for promoting cooperatives in line with cooperative principle in line with cooperative principle and democratic values.

The committees report was studied by the government and subsequently, National Cooperative Development Board was formed for working out a new legislation as well as policy guidelines and for creating the necessary foundation of reorienting the

cooperative movement. As a result a new cooperative Act was promulgated in 1992. The new legislation recognized the democratic character of cooperative movement ensured the operational autonomy of cooperatives and defined the role of Department of cooperative in a transparent way.

1.4 Types of Cooperative

Cooperative does not mean rural development. It can be a means of rural development. The best approach to change management strategies between single and multipurpose activities appear to be to gain experience as single purpose organization in the first instance and expand the scope of the co-operative with a focus on the needs of the clients and their response.

Noticeably single purpose co-operative have an advantage to deal with credit and the work of such credit co-operatives has to be coordinate with several other public agencies such as agricultural extension, fisheries, small and medium industries. The experience of Gramin Bank in Bangladesh is particularly important because it is focused on the rural poor, the landless and other small artisans to help in their credit operation through small group operations in the present world there are various types of cooperatives, these are :

1. Single Purpose Co-operative

There is only one objective to fulfill demand of members in a single purpose cooperative. It has certain area for work and operation. it is easy to manage a single purpose co-operative members and area of operation is limited. In the context on Nepalese cooperative movement we can see the following types of single purpose co-operative societies registered and running.

a) Saving and Credit Cooperative

Food and Agriculture organization (FAO, 2001) of UN "Training Facilities for Co-operative Personal in African Countries" cooperative in Economic sectors noted that "In the highly development regions, particularly in urban areas, credit co-operative are common for several years. Co-operative saving societies by way of prearrangement payroll reductions have received regular deposits from their members. Disbursements

are made only for "Social reasons" (Building of a home, old age insurance and emergencies) short term disbursement for other reasons must be paid back like credit.

There are also pure cooperative credit societies which grant credit to member and accept deposits from anybody but do not carry out further banking functions, at not engaged in money transfer and legally are not regarded as banks.

"Credit cooperatives" after the American Canadian pattern have been founded in both English and French speaking countries with the assistance of the CUNA International. The credit cooperative is always operated by a certain group professional, religious or other. Its activities are limited to granting credit to members and accepting deposits.

b) Consumer Cooperative

They are formed by consumer. They supply daily necessities at research price. They buy goods directly from manufactures and wholesalers and eliminated the middle man. They save lower and middle class consumer in urban areas.

c) Producer Cooperative

They are formed by small scale producers. They help to face competition from large scale producers.

d) Farming Cooperative

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.

e) Marketing Cooperative

They are formed by in depend producers and market their goods at attractive pieces. The cooperative serve as a central scales agency.

f) Housing Cooperative

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.

g) Health Cooperative

They are formed by low and middle income people in urban area. They provide health services.

h) Other Cooperative

They are formed for specific purpose. They can be related to cold storage fishers and poultry, transport, printing press, technology, education and others.

2. Multi Purpose Cooperative

Different objectives and function are done in multipurpose cooperative societies to fulfill the demand of members. The area of operation may be wide. Multi purpose cooperatives can do business in credit, saving marketing, processing, dairy etc at the same organization.

3. Sajha and Others

First co-operatives in Nepal "Bhakanpur Cooperatives" in Chitwan, 2013 first plan which was spelled out on 2010 B.S. In 1956 first five year plan was launched and its focused on the role of cooperative movement as a means of reducing rural indebtedness.

The next program for promoting the cooperative movement was announced in 1976. Popularly known as the 'Sajha Program' the campaign was designed to provided for the institutional frame work for rural development, aimed at running 1,077 cooperative in 1,346 village Pachayat of thirty districts (Shaky, 1983). Therefore, the cooperative development came in functioned after three years of it establishment. In 1954 a multipurpose project was started Rapti valley with the co-operative of USA.

In 1956, thirteen credit cooperative societies, were established in Rapti valley in Chitwan district by the executive order, cooperative society Act was legalized in 1959. Cooperative Bank was established in 1963, but this bank was converted to agricultural development bank in 1967. The cooperative programmed was one of the directive lines "Back to the village" National campaigns. In 1969/70 the compulsory saving was transferred into share capital in co-operative societies. The present

situation, that the cooperative is the economic backbone of the country. The government legalized new co-operative Act and regulation in 1984. The "National Cooperative Development Board" was formed in 1991 and new Act came in 1992.

The National cooperative federation was established in 1993. In this way, nowadays cooperative has been a part of every rural development scheme. A "Cooperative bank" was established in the Central level in the year 1963 (2019 B.S.). to increase the qualitative and quantitative degree of development of loan disbursement.

Keeping in view the importance of cooperative in the agricultural sector, the cooperative movement in Nepal was started after the rehabilitation of democracy in 1951, with the establishment of the cooperative department in 1953 (Bajracharya, 1978).

1.5 Statement of the Problem

Nepal is poor and underdeveloped country its economy is highly depending upon agriculture and handicraft produce business. There are many problem arises in rural area, such as lack of fund, lack of loan, lack of financial institution, lack of capital resources, lack of skill human resources, lack of investment fertilizers, seeds, daily consumable goods and new tools and technology.

Rural area farmer have been facing many problem. In rural area many farmers are illiteracy and they do not have the knowledge of fund mobilization. They are exploited by highest rate of interest and loan. In rural area many cooperative are established and some of them are trying to solve the finical problems of rural people to some extent.

A number of cooperative have come up in recent year. They have launched different programmed in the rural area. The programme which are launched by cooperative, do not rich to small farmer. So, all of the problem are not solving by the establishment of cooperative on rural area.

This study is concerned with the role of Kantipur Saving and Credit cooperative Ltd. which is located at Shrish VDC, of Dadeldhura district. This study tries to Dadeldhura district. This study tries to find the answer of following questions.

1. What are the Socio-economic characteristics of Cooperatives?
2. What are the different services performed by KSCC?
3. What is the attitude of member about organization?

1.6 Objectives of the Study

General objective of the study is to highlight the importance of cooperatives in Nepal. The specific objectives are:

1. To findout the socio-economic characteristics of cooperative member in the study area.
2. To examine the different services performed by KSCC?
3. To find the changes in living standard of cooperative member in study area.

1.7 Significance of the Study

Cooperatives are service oriented rather than profit it is distributed among the members on the basis of their share investment. The state has recognized the cooperative sector as an integral part of national development after the interim constitution of Nepal. 2006 adopted policy to develop countries, economic through public, private and cooperative sectors. Organizational structural has already been developed from the primary level to national and international level for the development, extension and promotion of cooperative in the country (MOF, 2013).

Every research has its own importance. The study is about importance of cooperative in rural area. So, we can hopeful that it helps in future study of cooperative and also to the researcher and policy maker to formulate and implement of any plan and policy.

1.8 Limitations of the Study

In this study the limitation are as follows.

1. This study has limited sample size, so may not be representative to all the cooperatives.
2. Only cooperative members are interviewed.

3. The study is specific about saving and credit cooperative. So, finding may not be generalized for all kind of cooperative.
4. The researcher is bounded by limit time period (A.D. 2008-2013)

1.9 Research Methodology

The study is mainly based on the micro study of role of co-operative on rural areas. It seeks to have effectiveness and sustainability of saving and credit cooperative in the specific study area.

1.9.1. Introduction of Study Area

Kantipur saving and credit cooperative ltd. is one of the saving and credit institutions that have registered as cooperative under the cooperative act 1992. It is clouted at Shirsh VDC of Dadeldhura district.

1.9.2 Research Design

A 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 and collected from reports of saving and credit cooperative. Primary and secondary data are used for the study of rural people who are the member of KSCC.

1.9.3 Nature and Sources of Data

This study is based on primary and secondary data. The primary data has been collected from field survey and secondary data from various sources. The methods such as interview, questionnaires, observation etc used to collect primary data.

Secondary data used in this study where necessary. For this data different sources such as libraries, agriculture institutions, government office, central department of economics, ministry of agricultural and cooperatives, economic survey, books, statistical report etc used.

1.9.4 Sampling Procedures

In the study area, there are 200 members. Out of 200 we have selected only 40 members considering due to resource and time constraints. The sample is about 20

percent of the population which can be considered to be respondent of entire study. Random sampling method has been used to select forty respondents.

1.9.5 Data Analysis

Various data represent in various unit and form depending on its nature to conduct through analysis on its to fulfil the set objectives. Simple statically tools like table, graphs, bar diagram, pie chart, percentage etc used for data analysis.

1.9.6 Organization of the Study

This study is divided into five chapters. The first chapter deals with introduction, cooperatives history, types of cooperative, statement of problem, limitation of study and research methodology.

Chapter second describes the literature review. Chapter third describes an introduction of Kantipur saving and credit cooperatives. Chapter four shows data presentation and analysis and chapter five includes summary, conclusion and recommendations.

CHAPTER II

REVIEW OF LITERATURE

2.1 International Review

Cooperation exists by live and let to live. Cooperation is associated with human beings in every stages of life. Cooperation is a disciplined life style inspired by the elements of love, affection and sympathy. In it's technical sense it denotes a special method of doing business in which midway between capitalism and socialism is adopted. This organization prefers more to service less to profit.

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

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

Walter (1960) said that cooperatives must not only be "deofficialized", but the support system helping them gain strength and self reliance must be reshaped. A strategy and time table deofficialization must be worked out jointly by government officials and co-operatives representations. Donors may play an important role in facilitating the dialogue and assisting with the formulation of a feasible strategy. The cooperative association is an association of firms or household for business purposes, and economics institution through which economic activity is conducted in the pursuit of economic objectives.

Bakken (1963) strongly explained co-operative associations are infused with certain monopolistic tendencies. The characteristic emerges, first of all, as a consequence of mass formation. In the original of mutual enterprises, the members voluntarily conform to the rules of conduct prescribed for their collective action. In so far as the discipline applies, rugged individualism is curtailed in certain selfish pursuits.

ILO (1969) has suggested that 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 contribution to the capital required and benefits of the undertaking in which the members actively participate.

Krishnaswamy (1978) explained cooperation serves as an organizational instrument for the economically weaker producer farmers, artisans or worker and consumers for strengthening themselves against the exploitation by the stronger.

Braveman & Pohlmeior (1991) jointly studied rural cooperatives and concluded in many cases co-operatives would not be in a position to accept immediately the responsibilities so far handled by government officials. Significantly efforts are needed to strength on and sometimes even create the necessary co-operative structures.

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, cooperative can provide a much needed opportunity for self determination and empowerment.

ICA (2003) has suggested that a cooperative society 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. Cooperative 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.

According to Prof. Stephenson cooperative is an association, open to all and granting equal rights and responsibilities to members, engaged in an economic enterprise on their common account and in which benefits are distributed on members in production

to their use of enterprise itself without regard to their share in the society's capital equity and fair dealing between man and man and its great aim is to prevent the exploitation by the stronger party.

2.2 National Review

Upadhyaya (1954) concluded that the operation of the informal sector may be more efficient than the formal sector in small credit transaction, this tends to suggest the need to recognize and make provision in the credit policies for the coexistence of the two sectors at a single time and space. Perhaps this also explains the continuing dominance of the informal sector in rural lending especially, among the smaller borrowers. Field observations and interview with borrowers in selected rural areas have also supported these borrowers either showed preference to the informal sector or indifference between the two sectors.

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

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

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

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

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

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

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

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

Subedi has concluded that a huge amount of economic resources has been mobilized through 881 cooperatives. Sources of fund in these cooperatives have remained loan from Agriculture Development Bank, saving and deposits of the member and grants and subsidies from the government. But most of them were under the unbearable and

almost in capable loans of bank and were looking for the grants from the government. But the government did not come forward for assistance. Instead of being an effective measure to solving economic problems of the poor in different ways according themselves are being the burden to the country. Subedi has concluded that about seventy percent of the societies are running loss. The factors were misleading directions, mismanagement, lack of support from the political, lack of relevant accurate, timely and understandable accounting information system of the cooperative in Nepal. This study has suggested to remove the various problems of cooperative movement of the country and for paying due attention development activities and existing irregularities and weakened by establishing a sound accounting information system.

Shrestha (1995) explained about group approach to make the small, needy and proper sections of the society eligible for credit support for gainful activities is a common feature in all of the programs. IDP also does individual financing as well. Poor rural women are focus of Grameen Bikas Bank where as others are gender neutral production of gainful unemployment opportunities, use of local materials, resources and skills and marketing of products within the area for minimizing the transportation constraints are the common strategies of all the programs.

But cooperatives could not touch the finger of the population and at most remained confined only to a few well established points in the country. The slow progress if the cooperative movements in Nepal may be attributed mainly to lack of sufficient capital and administrative difficulties in making and recovering loans.

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

He has suggested that due attention should be given by all concerning authorities and a close supervision and constant guidance should be done by the concerned authorities. He has also suggested for diversifying the pattern of cooperative

development as well as strengthens the base of structure. He is very hopeful that there will be all round development of Nepal through cooperatives in near future.

Pokhrel (1998) analyzed the cooperative movement. The study seemed at reviewed the overall situation of cooperative movement in Nepal according to his study the performance of rural population covered by the cooperatives societies was nominal in 1956-61 AD which went up to almost one forth of the population by end of 1988 AD. Practically almost all the village of 30 Terai districts in the country are covered by the sajha society. The membership has increased from 8.02 lakhs in 1976-77 AD to about 16 lakhs in 1988 AD. According to that researched study 43 percent co-operative societies have suffered in loss in 1983/84. Out of total societies in loss 41.2 percent societies were of Terai region and 58.8 percent of hill areas. The similar position has been noticed in the preceding years. It shows that comparatively sajhas of hilly region are poorest than that of Terai. The study found some problems faced by the cooperative movement such as lack of education training and fund, lack of spontaneously toward. Cooperation, lack of loyalty, absence of loan services, lack of efficient management, political interference, lack of goods publicity and good process of loan disbursement in Nepal. The financial resources utilization of funds marketing activities reveals that there is a great need for revitalization in order to make the movement strong and stable.

Sharma (1999) aimed to examine comparative financial position SMCSL and NBCSL by analyzing the financial statement. He has concluded that both the cooperative deposit utilization rate is increasingly overall the years of study period. So it implies that SMCSL is more active in creating investment opportunities and enhancing business activities than NBCSL. The analysis of profitability ratio has clearly shown the profitability of SMCSL is better than that of NBCSL. Due to unstable higher fluctuating trend, occurrences of losses during the initial periods, lower banking transactions, lower deposit collection are the causes of lower financial position of NBCSL. The liquidity position of both the cooperatives seems which they should maintain. The weak aspects of both the cooperatives are higher leverage ratios, lower profitability ratios and high liquidity ratios.

Finally, he has come to a very conclusion that cooperative is only viable means to uplift the socio-economic condition of majority people in Nepal, after the restoration

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

Koirala (2000) presented the two period of cooperative movement comprising the cooperative movement before 1992 AD and the cooperative movement after new cooperative Act 1992 AD.

The cooperative movement as stated above 1992. During this period of nearly 4 decade (1952-1992) people could not understand about cooperation, they perceived the cooperative societies and unions as the government organization. Cooperative society and unions could not render their services to their member's effectively. During this period cooperative societies and union were run as per the direction of the government no of their member. The societies and unions remained as a burden to the country.

The main reason of this was that the cooperative movement in Nepal was emphasized not from the cognitive realization of the country and people but it was imposed by the government. So the people could not perceive it in true sense of cooperation and cooperatives. Ultimately, the enforcement of the government towards the cooperative movement before 1992 could be considered half hearted and remain dormant an unsuccessful. The new cooperative Act 1992 and regular 1993 replaced the cooperative Acts and regulations. This Act gave priority to the principles of cooperatives achieved in the number of cooperative society and union as compared to before 1992 situation. Cooperative now have been generated by peoples initiation as their own organization different sectors, multipurpose, dairy, saving and credit, transportation, housing, woman empowerment, tourism, insurance, auditing, training and research, community development etc.

Acharya (2005) has mentioned that cooperatives are crucial to the economically poor and exploited people. In our country more than 80 percent people live in rural area, which does not have proper and reliable course of income. In such country cooperative is the means to motivate the people to work together for their common benefit. It encourages the people for compulsory saving and takes the responsibility of mobilization that small saving in productive field. It develops feeling of coordination

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

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

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

Pokhrel (2009) explained that a comparative study on saving and credit mobilization and financial performance of Royal Cooperative Society Ltd. And Chandikalika Saving and Credit Cooperative Society Ltd is analyzed financial performance in his article.

Just only increment of deposit does not give any return to the cooperative. A cooperative should have sound investment policy for the mobilization of the available funds. A deposit is that liability of the cooperative, which is returnable in demand at any time. So, sound investment policy has appeared to be very necessary to the cooperatives. A cooperative mainly focuses on its two functions i.e. collection of deposit through various schemes and granting those amounts as loan to the members by providing various facilities. It is important that the cooperative deposit policy is the most essential policy for its existence. The growth of cooperatives depends primarily upon the growth of its deposits. The volume of credit mobilization much depends upon the deposit base of cooperatives. Overall financial performance analysis of both the cooperative concludes that RCOSL is stronger than CSCCOSL. But SCCCOSL is also chasing the RCOSL by bringing positive increment in the performance of last year of study period.

Deposit is the major organ of cooperative society for its existence. As commercial bank, cooperative also collects small savings of people through various accounts and

schemes. Higher the deposit, higher will be the chance of mobilizing that fund in productive sector and generating higher level of profit. Before investing the collected sum, the sound investing policy should be made and loan should be approved if there is proper security of loan and income for repay of loan and interest. More risk more the profit but in the name of profit loan should not be given to the persona where there is high change of default.

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

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

The estimated value shows that skill development training is another independent variable, which is positively related to change in income after credit. If skill development training increase in one unit, income increases by NRS 1035.319 as compare to the beneficiaries who have not been provided the skill development training. It means that skill development training is the most important role to raise income. The skill development training helps to increase efficiency and confidence of the clients and they can use resources effectively and can earn more income than the others have not taken skill development training.

It demonstrates that change in their occupation chainging in quality of occupation after credit (OCAC). If one client changes his/her previous occupation, he/she may lose Rs 748.2623 as compared to the clients who have not changed his/her

occupation. This suggests that training should be provide to them on their adopted occupation to increase the income over new occupation.

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

Saving refers to the total income, which is more than the expenditure of the individual. Basically, saving can be divide into two parts voluntarily saving and compulsory saving. Among deposited in different account of cooperative organization and commercial bank is the example of voluntary saving.

Capital formation is possible through collecting scattered unproductive and small saving from the people. This collected fund can be utilized in productive sector to increase employment and national productive. Deposit (credit) mobilization is the most dependable and important source of capital formation.

CHAPTER III

INTRODUCTION OF KANTIPUR SAVING AND CREDIT

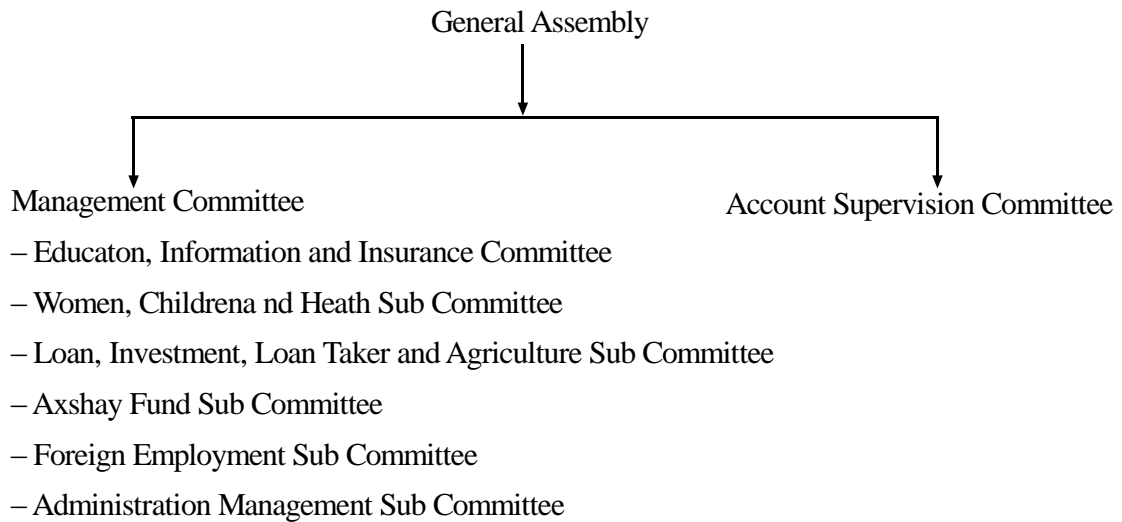
COOPERATIVE

3.1 Background

Kantipur Saving and Credit cooperative of the well functioning cooperative of Dadeldhura district. There are other cooperative in this district. The Kantipur Saving and Credit Cooperative catchements areas in Shirsh Village Development Committee. This village Development Committee lies on Dadeldhura district in Mahakali zone of far western Nepal.

Kantipur Saving and Credit Cooperative was registered formally under cooperatives act 1992 on 6 Baisak 2065 in district co-operative office for the need of saving groups. It is located at Shirsh VDC, ward No. 6 Dadeldhura district. The institution is also affiliated with the Nepal Federation of Saving and Credit Co-operative (NEFSCUN), District cooperative union, Division cooperative.

Kantipur Saving and Credit Cooperative is a member based organization of people who want to saving and credit for them self providing financial and social services to its number guided by international credit cooperative principle and values. Its mission is to help, promote, strengthen, economic and social improvement for the member of cooperative. The objectives of this cooperative is to encourage and motivate the people who are not access in bank to save some amount of their current income for himself regularly, to support the development activities initiated by the local government people and institution, carry out various activities for economic equality for the welfare of underprivileged and poor people, to encourage local women Dalit people children and old people by providing credit facility and to provide loan its members on minimum rate of interest.



The general assembly meeting is the supreme body of the organization structure of KSCCL.

3.2 General Assembly Meeting

The general meeting is the highest authorities of KSCCL. It decides the policy and programmer of the co-operative. Three types of meeting are designed for the cooperative society of Nepal by cooperative Act B.S. 2058 and KSCCL article.

Types of General Meeting

i. Primary General Meeting

There is a provision of calling primary general meeting after three month of the registration of the KSCCL according to this article, such type of meeting is held only once in the whole life of cooperative society. The quorum of general meeting is 51 percent but of total member of cooperative.

ii. Annual General Meeting

It is regular types of general meeting which is basically to be held in every year. According to its articles such general meeting is called within six months after the end of fiscal year.

iii. Special General Meeting

Infect, when it is not possible to wait till the annual general meeting to decide many more the special meeting may be called. There are some situation to be called

- On recommendation of the working committee
- On the demand of 25 percent of its members.

The chairman of the cooperative is presented to be chairperson on primary annual and special general meeting. In absence of chairman the members will decide the chairperson for the purpose of such general meeting. All the members are called to attend the meeting. In working committee, there may be other members also (i.e. secretary, treasure and members). The meeting of the board of working committee should be held at least once in two months or the chairman can call the meeting its necessary.

Financial Resources

Besides share and saving contribution of its members and other (like children) the following are major financial sources are membership dues, different saving scheme (like daily, monthly, yearly, nabalak), interest from credit, everyone who wants to take the lone of the KSCCL he/she must pay NRs. 10 for membership dues. Similarly, the cooperatives have continued the different types of schemes. The cooperative having different sectors uses the saving amount fee, productive and unproductive sector. The cooperative is providing credit to those people who are the member of this cooperative. After the mobilization of saving KSCCL changes different rate of interest for the members. The credit change is the main sources of its income.

Saving Policies

1. Compulsory Monthly Saving

- After received membership, every member should save NRs. 100 or more than 100 per month.
- Saving more than six months, will be get 5 percent discount.
- NRs. 100 ore more than 100 (women and dalit's minimum saving NRs. 50) can deposited any amount of money.
- Yearly 8 percent interest
- If the saver cannot save required deposited, he/she must pay additional NRs. 5 per month.

2. Optional Saving

- Every members can save as per as their interest amount of money.

- yearly 8 percent interest.

3. Child Saving

- Birth date of below 16 years of children can start saving from NRs. 100
- Starting from account they can save much, as they wish.
- The children who are out the out of service areas, they can save their amount by the institution members.
- The interest rate 8 percent per annum.

4. Fixed saving

- Every member can save their money for 2 years and 5 years period.
- 8 percent interest for 2 years fixed saving.

5. Elder saving (Senior Citizen saving)

- 56 years old and above can starts their accounts by NRs. 100
- After start their account they can save much they wish
- Yearly 8 percent of interest will given to them

6. Axshaya Saving Fund

- Axshaya fund collecting for social grammar, which is denoted by institute
- Interest of saving money can be use for social welfare and saving money is kept on institute
- Yearly 10 percent of interest will be given

Loan Policy

Types of Loan	Period of Loan	Annual Interests Rate
Emergency loan	3 months	0 %
Educational loan	3 months	14 %
Social loan	2 years	14 %

Agricultural loan	2 years	14 %
Business loan	2 years	14 %
foreign employ loan	2 years	17 %
Transport loan	5 years	17 %

In case of the emergency loan unpaid with the with the time or period the interest will be changed on 14 percent. If the borrower cannot paid loan with the time or period, he/she must pay additional NRs. 10 per month.

CHAPTER IV

DATA PRESENTATION AND ANALYSIS

4.1 Socio-Economic and Demographic Profile in the Study Area

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

4.1.1 Sex-wise Structure of the Respondents

Out of 40 respondents selected 55 percent were male and 45 percent female. This information female participation in cooperatives is praise worthy.

4.1.2 Age-wise Structure of the Respondents

We have presented the age structure of respondents of sample in the study area. The maximum number of respondent belonged to age group 25-34 years. The table has presented the age group on present of the respondents.

Table 4.1 : Distribution of Sample by Age structure

Age Group	No. of the Respondents	Percentage
16-24	10	25.0
25-34	15	37.5
35-44	6	15.0
45-60	5	12.5
Above 60	4	10.0
Total	40	100.0

Source : Field Survey, 2015.

Result from table shows that majority i.e. 37.5 percent of members age group is 25-34. It means that age group of members are to be a productive of age group, they are more energetic and entrepreneur to do self business and they involved in the income generation. There is only 10 percent of members are belongs from above 60 age group. It means, that age group of members are to be unproductive age group and they are dependent on other.

4.1.3 Family Size

Table 4.1.3 gives the family size of respondent interviewed in quantative society.

Table 4.2 : Family Size

Family	No. of the Respondents	Percentage	Family Size
Less than 5	10	25.0	49.9
5 to 8	25	62.5	42.9
More than 9	5	12.5	7.2
Total	40	100.0	100.0

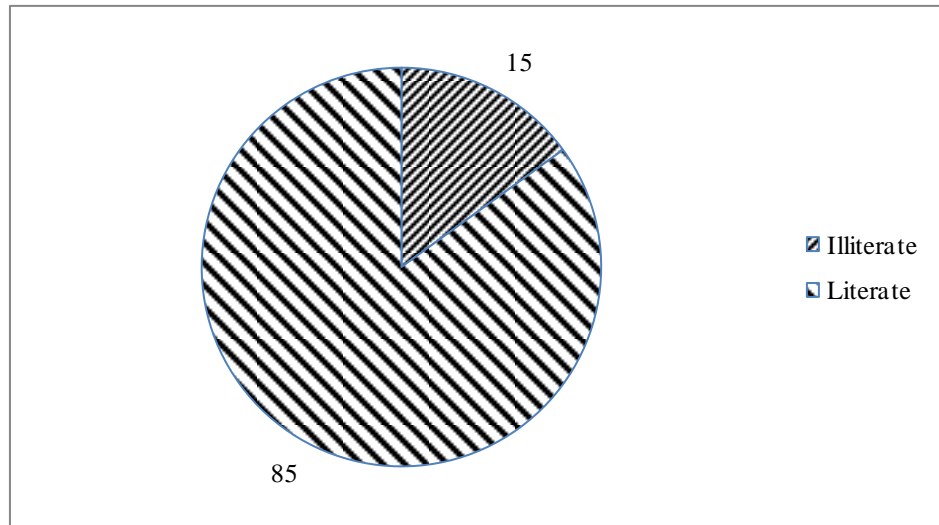
Source : Field Survey, 2015.

Family size of less than 5 is 49.9 percent, 5-8 group is 42.96 person, more than 9 group is 7.2 percent respectively. This shows that large population are living under a family which have less than five members. But here, is survey most of respondents belongs from 5 to 8 number of family size. By comparing with national census more percentage of people live in 5 to 8 family size in study area. However this is only 42.9 percent according to national census. In the study are, due to economic and social factors like high level of poverty, lack of education, traditional social norms and values the large number of people are live in large family size (CBS, 2011).

4.1.4 Educational Status of the Respondents

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.

Figure 4.1 : Educational Status of Sample



Source : Field Survey, 2015.

The study shows that 85 percent of the respondent are literate whereas 15 percent are illiterate. Out of the 40 respondents selected 25 male and 9 female are literate, 3 male and 3 female are illiterate. That means the majority of literate members are involved in cooperatives. The cooperatives have major purpose is literacy in society by campaigning, giving loan in education.

4.1.5 Schooling of Children

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

Table 4.3 : School of Children

School	Total Number of Children		Percentage	
	Before	After	Before	After
Government	30	15	75	37.5

Private	10	25	25	62.5
Total	40	40	100	100.0

Source : Field Survey, 2015.

The above table shows that major respondents children had used to go government school about 75 percent before joining the cooperative. This number after joining the cooperative has fallen to 37.5 percent. 25 percent of the total respondents children were found used to go private school before but after joining the cooperative about 62.5 percent of respondent children have gone to private school. So, it is clear that after joining the cooperative share holders children are interested to go private school by maintaining their economic power.

4.1.6 Ethnic Composition of the Respondents

The involvement in the cooperative are Brahmin, Chhetri, Janajati and Dalit. Cooperatives shares it's profit to the share holder every year. There is not any discrimination towards Brahman, Chhetri, Janajati and Dalit. In the cooperative the majority is Brahmin/Chhetri. Ethnic composition of respondent is given below.

Table 4.4 : Ethnic composition of the Respondents

Caste/Ethnic	No. of the Respondents	Percentage
Brahmin/Chhetri	24	60
Janjati	12	30
Dalit	4	10
Total	40	100

Source : Field Survey, 2015.

The table indicates that out of 40, the majority of member participants 60 percents are Brahmin/Chhetri. There are also other cast, among them Janajati 30 percent, Dalit 10

percent respectively. Brahmin/Chhetri was found largest that means the committee was also formed by upper caste members.

4.1.7 Land Holding Size

Nepal is an agricultural country and more than 74 percent of the people is depend on farming. The possession of land considered to have economic and social status.

Table 4.5 : Size of Land Holding

Land Size	No. of the Respondents	Percentage
0.0.250 Hectare	25	62.5
0.250-0.5009 Hectare	10	25.0
Above 0.5009 Hectare	5	12.5
Total	40	100.0

Source : Field Survey, 2015.

The land possession shows that most of the families fall under small farmer 25 respondents have land holding below 0.250 hector, 10 respondents have 0.250-0.5009 Hectare and 3 respondents have above 0.5009 Hectare land.

4.1.8 Land Size on the basis of Ethnic Groups

Below table 4.6 shows that land size divided to ethnic group according to number of respondents.

Table 4.6: Land Size on the basis of Ethnic group

Ethnic Group		Land Size Category (Hectare)			Total
		Below 0.250 Hectare	0.250- 0.5009 Hectare	Above 0.5009 Hectare	
Brahmin/Chhetri	No. of Respondents	15	5	4	24
	Percent within ethnic group	62.5	20.8	16.6	100

Janajati	No. of Respondents	11	1	0	12
	Percent within ethnic group	91.7	8.3	0	100
Dalit	No. of Respondents	4	0	0	4
	Percent within ethnic group	100	0	0	100
Total	No. of Respondents	30	6	4	40
	Percent within ethnic group	75	15	10	100

Source : Field Survey, 2015.

From the above table shows that 62.5 percent Brahmin, 91.7 percent Janajati, 100 percent Dalit have land below 0.25 hectare. It shows that 20.8 percent Brahmin/Chhetri, 8.3 percent Janajati and 0 percent Dalit have land 0.250-0.5009 hectare. There is above 0.5009 hectare of land have belongs to Brahmin/Chhetri only other ethnic group have no land above 0.5009 hectare. It means Brahmin/Chhetri have more land among other ethnic groups.

4.1.9 Land Tensure Status

The table 4.7 gives analysis data on land tenure status of the respondents interviewed in the main survey.

Table 4.7 : Land Tenure Status

Tenure Status	No. of the Respondents	Percentage
Land Owner	30	75

Tenant	10	25
Total	40	100

Source : Field Survey, 2015.

Out of total respondents 75 percent respondents have their own land and 25 percent respondents cultivate their land as a tenant. Most of the respondents 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.

4.1.10 Food Sufficiency Status

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

Table 4.8 : Food Sufficiency Status

Status of Food Sufficiency	No. of the Respondents	Percentage
Sufficiency	10	25
Insufficiency	30	75
Total	40	100

Source : Field Survey, 2015.

Out of total respondents 25 percent of respondents produce sufficient food their family from their own land and 75 percent 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.

4.1.11 Condition of House of the Respondents

The study consist of two types of house structure like concrete and Tatched. The structure of house are presenting at following table at the time of study period.

Table 4.9 : Condition of Houses of the Respondents

Types of House	No. of the Respondents	Percentage
Concrete	25	62.5
Tatched	15	37.5
Total	40	100

Source : Field Survey, 2015.

Out of 40 respondents selected, 62.5 percent respondent live in concrete house and 37.5 percent respondents live in tatched house. That means the maximum number of respondents are able to increasing their income after joining the cooperatives.

4.1.12 Drinking Water

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

Table 4.10 : Drinking Water Composition of the Respondents

Sources	Total Number of the Respondent		Percentage	
	Before	After	Before	After
Local Source	25	15	62.5	37.5
Pipe water own	10	23	25.0	57.5
Piped Water Public	5	2	12.5	5.0
Total	40	40	100.0	100.0

Source : Field Survey, 2015.

The above table present that 62.5 percent used to local source of water before and 37.5 percent member only used after joining the cooperative. 25 percent of members were used to own piped water but increased by 57.5 percent of members has used to after joining the cooperatives. 12.5 percent of respondents used public piped that is

decreased to 5 percent after joining the cooperative. Own water piped has been increased in such type of survey that means the members can save their time and they will be able to increase other income in same time.

4.1.13 Toilet Structure of the Respondents

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

Table 4.11 : Toilet Structure of the Respondents

Structure	Total Number of the Respondents	
	Before	After
No Toilet	5	0
Local Toilet	35	15
Hygienic	0	25
Total	40	40

Source : Field Survey, 2015.

The above table shows that 5 members have no toilet but all member have toilet after joining the cooperative. Such as local toilet is decreased 35 to 15, means by 20 members. There were no hygienic toilet before joining the cooperative but increased by 25 members has such type of toilet after joining the cooperative.

4.1.14 Fuel Consumption of the Respondents

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

from fire wood. Use of different sources of fire composition of the respondents is given below.

Table 4.12 : Fuel Consumption of the Respondent

Source	Total number of the Respondents		Percentage	
	Before	After	Before	After
Firewood	25	10	62.5	25.0
Biogass	6	8	15.0	20.0
Electric/LP gas	9	22	22.5	55.0
Total	40	40	100	100.0

Source : Field Survey, 2015.

It can be seen from the above table that the major respondents has used firewood before joining the cooperative. This number after joining, that has fallen to 25 percent. 15 percent of the total surveyed respondents were found used biogas before but after joining the cooperative about 20 percent of respondent have used biogas. In such case electric/LP gas had used before by 22.5 percent but after joining the cooperative about 55 percent of respondent have started to use electric/LP gas. So, it is clear that after joining the cooperative respondents are interested to invest in modern technology.

4.1.15 Share Investment in KSCC

The main sources of capital formation is share capital in the beginning. So any one is willing to be a member of KSCCL they must buy share of KSCCL. The main objectives of the share policy is to make the institution economically strong and make it's member's toward the institution.

Table 4.13 : Share Investment in KSCC

Shares in Rupees	No. of the Respondents	Percentage
1000	2	5.0
3000	25	62.5

4000	5	12.5
5000	4	10.0
7000	3	7.5
15000	1	2.5
Total	40	100.0

Source : Field Survey, 2015.

The above table shows that 2 respondent have minimum share of 1000 and 1 respondents have maximum share of 15000. That mean, the responds whose economic condition was well have a maximum share.

4.1.16 Type of Support needed Cooperative

Table 4.14 shows the support needed to respondents from cooperatives. The members expect three types of support from the KSCC.

Table 4.14 : Types of support needed from cooperative

Types of Support	No. of the Respondents	Percentage
Financial-(Agriculture loan, livestock loan)	30	75
Technician (Agricultural instrument technology)	4	10
Training (Agriculture cultivation, training, livestock training)	6	15
Total	40	100

Source : Field Survey, 2015.

Out of total respondents 75 percent of respondents expect financial support from KSCC, 10 percents of respondents expect technical support and 15 percent of respondents need training support. That means, the respondents improve their economic condition by getting different support from cooperative.

4.2 Saving and Credit Status of Members

4.2.1 Monthly Saving in Cooperatives

Table 4.15 provides the information about the monthly saving by respondent during the survey period.

Table 4.15 : Amount of Monthly Saving in Cooperatives by the Members

Amount (in Rs)	No. of the Respondents	Percentage
Up to 100	20	50.0
101-200	5	12.5
201-300	7	17.5
301-400	4	10.0
401-500	3	7.5
Above 500	1	2.5
Total	40	100.0

Source : Field Survey, 2015.

The above data shows that the 20 respondents save up to NRs. 100 per month. It represents 50 percent of total respondents. Out of the total only 2.5 percent respondent save above NRs. 500 per month in KSCC. It shows that most of respondents have in the saving group of NRs. 100 and co-operative is to encourage and motivate the respondent to save monthly a certain portion of their income for their future.

4.2.2 Loan Borrowed Borrowing Status

KSCC provides financial support by tending to the members. This facility is provided for the members who are needed loan for their economic development. Out of forty respondent selected, 70 percent respondents borrow the loan from KSCC and they can invest in income generation activities by taking loan from the cooperative.

4.2.3 Loan Purpose

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

Table 4.16 : Loan Purpose

Loan Purpose	No. of the Respondent	Percent
Agriculture	10	35.7
Industry	6	21.4
Trade	3	10.7
Service	5	17.9
Other (Education, Health)	4	14.3
Total	28	100.0

Source : Field Survey, 2015.

From above table shows that 35.7 percent borrower are provided loan facility for agriculture purpose. It shows that minimum members are interested to invest their capital in trade sector. That means members can invest in income generation activities by taking loan from the cooperative.

4.2.4 Utilization of Loan

Table 4.17 : Loan Utilization

Loan Utilization Status	No. of the Respondents	Percentage
Used for particular purpose	21	75
Not used for particular purpose	7	25
Total	28	100

Source : Field Survey, 2015.

From above table shows that 75 percent of respondent are properly utilize loan for particular purpose. 25 percent of respondents are not utilize loan for particular purpose. It means minimum members are not utilize loan.

4.2.5 Borrowers Interest Payment Status

Member must pay the interest on loan every month. Penalty on late payment of interest on loan is 3 percent per annum.

Table 4.18 : Borrowers Interest Payment Status

Regularly Interest Paid	No. of the Respondents	Percentage
Yes	25	62.5
No	3	7.5
Total	28	70
Non borrowers	12	30

Source : Field Survey, 2015.

Most borrower have utilize their loan as their pre determined purpose. Due to effective planning of loan investment they got regular income from such investment and they are able to pay interest regularly. Least borrowers have not utilize their loan and they have not get regular income from such loan utilization, poor planning, misutilized are the main cause of failure to paid the regular interest.

4.2.6 Loan Repayment Status of Borrower

KSCC made rules for repayment of loan for the borrower. Borrower should repayment the loan in month and quarterly basis.

Table 4.19 : Loan Repayment Status of Borrower

Repayment Status	No. of the Respondents	Percentage
Yes Paid totally	12	30
Only, partially	10	25
No, not at all	6	15
Total	28	75

Non borrowers	12	30
---------------	----	----

Source : Field Survey, 2015.

The above table shows that most of the borrower paid loan in totally. That means most borrower have utilize their loan as their pre determined purpose. Due to effective planning of loan investment they get regular income from such investment and they are able to paid totally.

4.2.7 Importance of Cooperatives

Due to involvement in the cooperatives, the respondents status have been changed. the respondents are changed sources of drinking water after joining the cooperatives. They are moved into the pure drinking pipe water from local sources. Like as, the respondents are changed their toilet structure, most of respondents are used local and hygienic toilet. They have also switched to electric and Lp gas from firewood after joining the cooperatives the health status of respondents have continuously improved. The expenses on health is significantly decreased that means the involvement on cooperatives rises level of living standards of respondents.

CHAPTER V

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Summary of Findings

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

We have earlier mentioned that cooperative 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 cooperative 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 cooperative financing. Beside the income generating members are talking credit from within the group of the time 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 resources 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. 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 cooperative shows that the saving and credit programme is increasing in rural cooperative. The programme contributed in developing the confidence of people and increase interest in community activity of people. The major findings are:

- The member of KSCC of Shirsh 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 of organized themselves in groups and to work in productive and social activities.

- The most of the respondents are in age group of 16-24 years. Mostly respondents are Brahmin/Chhetri in ethnicity and their percentage is 60.
- During the survey it was found that the most of the respondents are literate and they are involve in agriculture sector.
- The respondents have land size below 0.250 hectare which is 62.5 percent of in total. They engage in agricultural sector but not sufficient land size to work and to produce the output.
- During the survey is was found that being based on agriculture occupation about 75 percent people are suffering from insufficiency of food for some month.
- In the field survey it is found that most of respondents have bought share of NRs. 3000 which is 62.5 percent of total respondents.
- In the field survey it is found that most of respondents borrowed loan from cooperative only 30 percent is free from loan.
- Most of the saving group save NRs. 100 monthly and one respondents save above NRs. 500 per month.
- The field survey showed that most of the people except 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 Shirsh VDC.
- During the survey, many respondents have answered that they get help from cooperative and they are satisfied from the service provided by cooperative.

5.2 Conclusion

Economic liberalization has encourage the establishment and growth the cooperatives in our country within a short span of time. After cooperative act 2048 cooperatives are increasing quantitatively but qualitative is essential for the exact development. The cooperative 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 constraints. Any ways the role of cooperative on income generation and living standard 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.

5.3 Recommendations

Based on the findings and conclusion presented in the previous sections, the following recommendations has been made the implementation of programe more effectively.

- The cooperative 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.
- Cooperatives provides training in the area of agricultural cultivation, livestock training 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 cooperative remains some possibility of developing the poor people from effective mobilization of saving and

credit. So, there should be proper identification and section of the targeted groups to ensure that the really poor, backward communities are not left behind.

- There should be the regular 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 cooperative should have initiated the special awareness program for borrowing mobilization and their income generation activities.
- Cooperative institution should try to accommodate all the marginalized and poverty-stricken people for the reduction of income inequality.

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APPENDIX I
QUESTIONNAIRE

1. General Information

Name of respondent _____

Age- (i) 16-24 years (ii) 25-34 years (iii) 35-44 years

(iv) 45-60 years (v) Above 60 years

Sex- (i) Male (ii) Female

Married Status- (i) Married (ii) Unmarried

Education- (i) Illiterate (ii) Literate

Cast / Ethnic group- (i) Brahmin/ Chhetri (ii) Janajati (iii) Dalit

VDC- _____ Ward No- _____

Occupation- _____

Family structure and house hold size- _____

2. What is the land size holding and production?

(i) Less than 0.250 hectare (ii) 0.250-0.5009 hectare

(iii) Above 0.5009 hectare

3. What you land tenure status?

(i) Owner land (ii) Tenant land

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

(i) Yes (ii) No (iii) More than necessary

- 5 If you do not produce sufficient food for your family how many month it is possible in a year?
-
- 6 What is the condition of your house?
- (i) Concrete (ii) Thatched
- 7 How much amount of share do you have in cooperatives?
- (i) less than 2 thousand (ii) 2-4 thousand
- (iii) 4-6 thousand (iv) More than 6 thousand
- 8 Do you have save money regularly in cooperative?
- (i) Yes (ii) No
- 9 How much amount would you save per month?
- NRs _____
- 10 Which support do you need from cooperative to make your life easier?
- (i) Financial (ii) Technical (iii) Training
- 11 Did you get loan from cooperative?
- (i) Yes (ii) No
- 12 If yes, what purpose did you take loan for?
- (i) Agricultural (ii) Industry (iii) Service
- (iv) Trade (v) Other
- 13 Have you used loan in particular purpose?

(i) Yes

(ii) No

- 14 Did you repay the loan?
- (i) Paid totally (ii) Paid particularly
- (iii) Not paid at all
- 15 Have you participated in general meeting of cooperative?
- (i) Yes (ii) No
- 16 Have you got dividend from cooperative?
- (i) Yes (ii) No
- 17 In which school do you send your children before and after joining the cooperatives?
- (i) Before _____ (ii) After _____
- 18 What is the condition of your toilet before and after joining the cooperatives?
- (i) Before _____ (ii) After _____
- 19 Are you satisfied from service provided by cooperatives?
- (i) Yes (ii) No
- 20 What is your condition of drinking water before and after joining the cooperatives?
- (i) Before _____ (ii) After _____