

SOCIO- ECONOMIC IMPACT OF SAVING AND CREDIT COOPERATIVE

(A Case Study of Mirmiray Cooperative Limited, Baglung District)

A Thesis

**Submitted to the Central Department of Economics, Faculty of
Humanities and Social Science, Tribhuvan University in Partial
Fulfillment of the Requirements for the Degree of Master of Art in
Economics**

Submitted By:

RAJ KUMAR KISAN

Tribhuvan University, Kirtipur Kathmandu

March, 2017

LETTER OF RECOMMENDATION

This thesis entitled "**Socio- Economic Impact of Saving and Credit Co-operative: A Case Study of Mirmirey Co-operative Limited, Baglung District**" has been prepared by Mr. Rajkumar Kisan under my supervision and guidance. I hereby recommend 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

CEDECON,TU

Thesis Supervisor

May 24, 2017

APPROVAL SHEET

We certify that this thesis entitled "**Socio- Economic Impact of Saving and Credit Cooperative: A Case Study of Mirmirey Co-operative Limited, Baglung District**" submitted by Mr. Rajkumar Kisan to the Central Department of Economics, Faculty of Humanities and Social Sciences, Tribhuvan University, in partial fulfillment of the requirements for the degree of MASTER OF ARTS in ECONOMICS has been found satisfactory in scope and quality. Therefore, we accept this as a part of the said degree.

Thesis Committee

Prof. Dr. Ram Prasad Gyanwaly
Head of Department

Prof. Dr. Sohan Kumar Karna
External examiner

Prof. Dr. Rudra Prasad Gautam
Thesis Supervisor

May 24, 2017

ACKNOWLEDGEMENTS

It is my great pleasure to submit this thesis on "**Socio- Economic Impact of Saving and Credit Co-operative: A Case Study of Mirmirey Co-operative Limited, Baglung District**" has been designed to fulfill the partial requirement of Master's in Economics.

I would like to express my sincere gratitude to my thesis supervisor **Prof. Dr. Rudra Prasad Gautam**, Central Department of Economics, T.U. Kirtipur. It would not be possible for me to complete my study without his supervision, co-operation suggestion, inspiration, and direction. The present form of study is possible due to his rigorous efforts and direction, and with his brilliant skill of supervision made this study enrich higher than my expectation.

I am very grateful to **Prof. Dr. Ram Prasad Gyanwali**, head of the Department of Economics, T.U., Kirtipur and all other respected teachers for providing valuable suggestions, information, and comments.

I would like to express my sincere gratitude to **Prof. Dr. Sohan Kumar Karna** for his constructive comment and guidance.

My sincere thanks go to all my family members who have always financially supported and encouraged me to study directly and indirectly.

My thanks goes to all my friends Ravi Century, BishnuRasaily, Bashyal Raj Kumari, Arjun Kumar B.K., Kamal Thapa and other personalities who directly or indirectly helped me to complete this work.

Lastly my thanks go to Mr. Keshab Adhikari of Everest Photocopy and Computer Center, Kirtipur for timely and neatly typing and printing.

Rajkumar Kisan

May 24, 2017

TABLE OF CONTENTS

	Page no.
CHAPTER ONE: INTRODUCTION	
1.1 Background	1
1.2 Statement of the Problem	5
1.3 Objectives of the Study	6
1.4 Significance of the Study	6
1.5 Limitations of the Study	8
CHAPTER TWO: LITERATURE REVIEW	
2.1 Review of Empirical Studies	9
CHAPTER THREE: RESEARCH METHODOLOGY	
3.1. Rationale of the Selection of Study Area	16
3.2 Research Design	16
3.3 Nature and Source of Data	17
3.4 Population and Sampling	17
3.5 Interview	17
3.6 Observation	18
3.7 Data Analysis	18
CHAPTER FOUR: ANALYSIS AND DISCUSSION	
4.1 Social Aspects	19
4.2 Gender	20
4.3 Economic Aspect	25
4.4 Income from Non Dairy Animals	29
4.5 Expenditure for Dairy Animals	30
4.6 Uses of Dairy Income	31
4.7 Major Causes for Preferring I	31

4.8 Dairy Components and Living Standard of the people	32
4.9 Dairy Components and Development	35
4.10 Problems and Prospects of Dairy Members	36
4.11 Prospects of Dairy Components	38

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMENDATIONS

5.1 Summary	40
5.2 Conclusion	41
5.3 Recommendations	42

REFERENCES

APPENDIX

ACRONYMS AND ABBREVIATIONS

ADB	Agriculture Development Bank
ADB/N	Agricultural Development Bank/ Nepal
AGDP	Agricultural Gross Domestic Product
APP	Agricultural Prospective Plan
CBS	Center Bureau of statistics
CDCAN	Central Dairy Cooperative Association of Nepal
CMPCU	Central Milk Producers Cooperative Union
DAN	Dairy Association of Nepal
DDC	Dairy Development Cooperation
DDC	District Development Corporation
DOA	Department of Agriculture
DOC	Development of Cooperatives
FAO	Food and Agriculture Organization
FGD	Focus Group Discussion
GDP	Gross Domestic Product
HDI	Human Development Index
HH	Household
ICA	International Cooperative Alliance
KMSS	Kathmandu Milk Supply Scheme
LRSC	Land Reform Saving Development
MCA	Milk Cooperative Association
MPA	Milk Producer Association
MPCS	Milk Producer Cooperative Societies
NBSM	Nepal Bureau of Standards and Mythology
NDBB	National Dairy Development Board
RCC	Reinforced Cement Concrete
Sq. Km.	Square Kilometer
TYDDP	Tenth Year Dairy Development Plan
UN	United Nation
US	United States
VDC	Village Development Committee
WTO	World Trade Organization

CHAPTER ONE

INTRODUCTION

1.1 Background

A co-operative is a voluntary organization of person with limited means to safeguard their needs and interest. "Unity in diversity is the main motto of co-operatives societies." The philosophy behind co-operative movement is "all for each and each for all". A cooperative is defined by the International Co-operative Alliance's Statement on the Co-operative Identity as 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. It is a business organization owned and operated by a group of individuals for their mutual benefit. A cooperative may also be defined as a business owned and controlled equally by the people who use its services or who work at it. There are different types of cooperative on the basis of working nature.

Cooperative provides an opportunity for pooling financial resources of people of limited financial means together in order to achieve commonly identified development needs of their members. Cooperative constitute an revenue through which cheap credit is channeled to the rural areas and especially when it is supported by international donors and governments. (Huppi & Feder, 1990). Cooperative societies are a major part by which developmental activities are carried out in rural communities via individual member's participation. Financial cooperatives are described as an revenue for those without access to commercial banking services to gain access to financial services that may include savings deposit, productive credit, consumer credit and loan(Parajuli , 2011).

Cooperatives and microcredit programmes have successfully contributed to lifting people out of poverty in many countries around the world. Microcredit has contributed to poverty reduction by generating income and employment, enabling children to attend

school, families to receive medical care and by offering individuals the opportunity for taking the best possible decisions for themselves.

Saving and credit Cooperatives are financial institutions which can play significant role to develop Economic situation of the developing countries like Nepal. “A Cooperative is an association of persons usually of limited means who have voluntarily joined together to achieve a common economic end through the information of a democratically controlled business organization, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking”(Sharma, 2004).

Cooperatives, as economic enterprises and as self-help organizations, play a meaningful role in uplifting the socio-economic conditions of their members and their local communities. Over the years, cooperative enterprises have successfully operated locally-owned people-centered businesses while also serving as catalysts for social organization and unity. With their concern for their members and communities, they represent a model of economic enterprise that places high regard for democratic and human values and respect for the environment. As the world today faces unstable financial systems, increased insecurity of food supply, growing inequality worldwide, rapid climate change and increased environmental degradation, it is increasingly compelling to consider the model of economic enterprise that cooperatives offer. The cooperative sector, especially in developing countries, also presents itself as an important element that can contribute to the realization of the Millennium Development Goals (MDGs) (Acharya, 2009).

A dairy components business is owned, operated, and controlled by the dairy farmers who benefit from its services. Members finance the cooperative and share in profits it earns in proportion to the volume of milk they market through the cooperative. Dairy components are found everywhere in both developed and developing countries. In developing countries, it is one of the income sources of their rural economy whereas in developed countries it takes as a sustainable business. These countries face different types of problems. Developing countries focus on increase in production volume of milk and milk product, and developed countries do on enhancement of milk product, brand, and merger of dairy components(Sharma, 2008).

Dairy components have been getting various opportunities as well as facing different challenges. They are going to formulate different types of strategic planning to cope with these challenges and to get success. Strategic plans of dairy cooperatives in developing countries are, generally to increase production volume of buffalo milk, bring about the internal improvement in cooperative societies, reduce cost of production, and provide quality service to consumer through skill, trained and educated manpower, and e-commerce. Strategic plan of developed countries is quite different from that of developing countries. Their strategic plans are to merge different dairy cooperative societies / institutions into a dairy components, and compete in the global market with quality of products. Dairy components is a very popular business not only in developing countries but also in developed countries like the America, Germany etc. Developed countries focus on qualities of product but developing countries often focus on quantities/volume of production. Live stock farming is an important economic activity since the commencement of human civilization. In the early stage of civilization when agriculture was not properly known, cattle formed the principle property of the people. Thus, the history of dairy components is related with the history of civilization.

Livestock farming being a major component of Nepalese farming system is becoming one of the important occupations in the rural area of Nepal. It is an integral part of Nepalese agriculture since these are used for labor (bullock) production, manure production, religious purpose and milk and meat production. Dairy farming has been helping the farmers to earn cash income to fulfill their basic needs, at the same time they can get manure as by-product and draft power for agricultural production. One of the other important aspects of dairy farming is to generate energy in household level for cooking and heating in terms of biogas, which is produced by decomposition of animal dung into an airtight digester. Major dairying animals in Nepal are cows and buffaloes. These are reared in Mountain, Hill and Terai regions of country whereas yaks are other dairy animals of sub Himalayan regions. Out of the total milk produced in Nepal, share of buffalo milk is higher, which is around 70 percent of the total milk production. A 20 years long Agricultural Prospective Plan (APP) has been effective in the country since 1997/98 which targets an annual growth rate in Agricultural Gross Domestic Production

(AGDP) of 5 percent Livestock sector has been taken as one of the most potential sectors with an expected average annual growth rate at 5.5percent as a whole in livestock sector and 6.1percent in the dairy sector. However, the social exclusion of some of the ethnic groups, especially the scheduled castes, in the dairy co-operatives in rural areas has been seen as one of the constraints to achieve the targets. Still now, milk produced by some of the scheduled castes of the country has not been bought by the dairy cooperatives in the rural areas of the country(ADB: 2013).

Small holder dairy sector is playing critical role in generating cash income in the hills of Nepal. In fact, government programme has pushed for crossbreed cows as dairy animals. Nevertheless, improved buffaloes are becoming popular among small farmers as dairy animals because of their adoptability to local feed resources and high milk fat content and salvage value especially in the hills of Nepal. Initially, smallholder dairy farming was promoted through marketing arrangement of parasitical government organizations such as Dairy Development Co-operation (DDC) Nepal. These organizations have milk chilling and processing facilities and they have organized farmers groups or co-operatives to collect farmer's milk to be taken to chilling and then to processing centers. Nevertheless, these systems are presently, collecting hardly one-fourth of total marketable milk. Still a lot of milk is being cannoned through informal sector and now private dairies with their own chilling and processing plants are becoming common thing in Nepal. Producer's share in consumer price is lowest with the sales of milk to the parasitical organizations. The problem of smallholder dairy in Nepal has been exacerbated due to the import of cheap powder milk and the government's lack of monitoring in assuring quality of pastured milk of consumption. The parasitical organizations, which are heavily subsidized with government or donor's aid money, could not contribute to dairy sector development to the extent they were expected to. Animal feed, breed, and marketing and processing and its policy are critical issues across in Nepal for promoting smallholder dairy in mixed mountain farming systems areas. Shortage of feed during the dry period and the winter is serious problem affecting the milk productivity of dairy animals. Commonly, breed is of local types and milk

productivity is low compared to crossbred animals. Product diversification appears to be a key issue in terms of low income from milk marketing and processing.

In Nepal, dairy development activities began in 1952 with the establishment of a small-scale milk processing plant on an experimental basis in Tusal, a village in the Kavreplanchok district. According to the annual report 2015 of cooperative board In Nepal there are 1561 dairy cooperative.

1.2 Statement of the Problem

Cooperative is one of the alternative best ways to eradicate the poverty and to empower the people, there are various constraints and challenges of cooperatives industry to achieve its objectives and development goal. The main focus of the cooperative is to improve the economic condition of its member by creating employment opportunities and empowerment on revenue mobilization. Converting the labor mind into business mind is a difficult task. So, utilization of loan is not easy in the beginning period. If the loan is not utilized in targeted sector, it will become a burden for the future. Eventually the poor becomes extremely poor or poorest both economically and morally rather than being richer.

The cooperative definitely helped the poor people. But this study also focuses on to reflect the present situation like socio-economic condition and the problem related to farmer and working pattern of the cooperatives and other management system of the cooperatives. In Nepal cooperatives are not working satisfactorily. Lack of adequate supports from the government lead co-operative societies to become inactive i.e. why the farmers are unable to produce more products in the state.

Lack of entrepreneurship, lack of market, lack of raw material, and lack of skill are the main constraints for the proper utilization of money in productive sector or income and employment generating activities. Due to the lack of revenue mobilization to increase entrepreneurship and loan utilization is not so easy in the initial period. Which directly affects the establishing enterprise. Due to this, there exist unemployment problems. It is being said that almost 450 thousand new workers enter in the labor market every year among them only one fourth person get the job. So, it is being a challenge to get economic growth with addressing such unemployment and reducing poverty (Gautam, 2000).

Milk is an essential liquid for humankind. It needs to human from birthday to old ages. It has so many ingredients which we can use for making others groceries/edible items as well as use in some types of medicine. It has great demand in market but production and marketing of milk functions are not easy task. Milk producers as well as marketers have been faced so many problems and challenges. Different countries have different types of problems. In Nepal, especially in the hills and high hills where sustainable climate, pasture land, fodder as well as unemployed wages labor force are available dairy components could be well developed as an industry. Agriculture is the primary occupation of people. The economic condition of people is low. In such a case, the dairy components is one measure to ease and lower the blows of the poverty and under development to the state and people. Therefore, dairy components are established and managed to solve the problems of mass rural people.

The cooperative definitely helped the poor people. But this studies also focus on to reflect the present situation of dairy farmer like socio-economic condition and the problem related to farmer and .Working pattern of the dairy components and other management system of the cooperatives. In Nepal dairy components are not working satisfactorily. Lack of adequate supports from the government lead dairy co-operative societies to become inactive i.e. why the dairy members are unable to produce more milk products in the state.

1.3 Objectives of the Study

The general objective of this study is to analyze the socio-economic impact of Dairy components, their problem and necessary measures for overcoming the problems.

However; the specific objectives include:

1. To identify the overall socio economic impact of Dairy saving and credit members.
2. To analyze the problems and prospects of dairy components.

1.4 Significance of the Study

In Nepal, where nearly eighty percent of the population depend on agriculture for their livelihood, the country as a whole has had a food deficit for the last 26 years, mainly due

to subsistence farming, small and fragmented land holding size, low agriculture input and productivity, uneconomical farming units, and lack of decentralized grassroots-based agricultural developmental policies and programs. Widespread poverty, malnutrition, political instability, resource degradation, and a serious food deficit have become major national problems. Agricultural policies and actions for raising farmers' living standards, achieving food security, and enhancing the natural resource base are urgently needed (Karki, 2005).

Poverty and unemployment are today's main problem. Every country is facing the problem of poverty and unemployment. Nepal is also facing this problem. Here, 24 percent people are under poverty line and there is large number of unemployed, seasonal unemployed and discussed unemployed. So, poverty and unemployment are the main challenges in Nepal. Without solving these problems, Nepal can't be developed. Nepalese government and other sectors are trying to solve these problems. Cooperative is one of the sources which help to reduce the poverty and create the self employment environment by providing the fund for its member. The proper utilization of available fund helps to solve the problem of poverty and employment. With the help of cooperatives, people can get the opportunity of self employment and can able to generate income, which helps to reduce poverty. Poverty alleviation helps rural development, increase the life standard of people and also give socio economic status of people in society.

This study is concerned with the importance of dairy components and its socio economic impact in rural farmer. It also highlights the related problems and socio-economic condition of members of the study area. This study is purely a micro level study because no such study has been done in the past to cover the entire aspect. By the way the study tries to fulfill the gaps of knowledge about various aspects like production, management, marketing and socio-economic condition of members of study area. The study aims to present information about the socio-economic condition to the dairy components. The study tries to find out the impact of dairy components of the general life of the farmers. Likewise, it will present the problems of dairy components and recommends. Farmers are still facing milk holidays and not getting real price of the milk. To sustain and improve the dairy processing industry in Nepal it must become competitive in terms of cost

production and quality. Trained manpower should be available to the private sector; raw milk pricing should be based on the quality and fixed by a free market system with little intervention from the government. Extension services should be backed up with more research and animals and product quality.

For its sound development this study was provided guidelines to construct dairy development policies and plan for the policy makers, development workers, rural farmers and it will fruitful for further study regarding this topics.

1.5 Limitations of the Study

- This research was conducted only with limited objectives for the partial fulfilment of Master Degree in Economics considering the time and budget limitation.
- This study is only confined to the farmer of Damside of Baglung municipality-5 who sell their milk to the dairy components.
- The research is limited to a particular locality of Baglung district and also in a particular in Damside, Baglung municipality- 5.
- The findings and conclusions drawn with this research may not be generalized.

CHAPTER TWO

LITERATURE REVIEW

2.1 Review of Empirical Studies

The livestock sector is very complex with many crosscutting issues and interrelationship with other sectors, it is a very important part of the agriculture sector and key role to play in the country's development and poverty reduction (ADB, 2013)

The demand for livestock in developing countries is predicated to double over the next 20 years due to human population growth, increasing urbanization and rising incomes more than 80 percent of the population of Nepal relies on the agriculture sector for employment and income generation. But agriculture development has been sluggish and most importantly has failed to keep the place with population growth. Nevertheless, contrary to the relative decline of agriculture the live stock production index has continuously been increasing over the last decades (FAO, 2015).

Dairy has been recognized as an improvement tool for development and poverty reduction and is today accorded to status of a thrust area by the government. DDC, an undertaking of Government of Nepal has made significant contribution in bridging the gap between urban consumers and the rural milk producers. It has provided it's valued services to the farmers as their door steps sizeable increases to the farmers as their door steps sizeable increases in milk production has forced DDC to utilize milk in best possible ways and in recent times, massive diversification of dairy product has not only benefited the urban consumer's but has helped in the economic development of the rural mass milk producers (DDC, 2006).

The Tenth Year Dairy Development Plan (TYDDP) 1990-2000 proposes that the DDC set its own price for milk based on commercial considerations, this has not yet materialized. Although the DDC has been responsible for formulating and executing pricing policy in practice it has to obtain government approval before implementing any price change.

Rural co-operative service provides research management, and educational assistance to co-operatives to strengthen economic position of farmers and other rural residents. The

main motto is to work with co-operative leaders to improve organization, leadership, fixing prices, identifying market, to guidance to further development (Charles, 1996).

ANZDEC (2002) in its publication stated the seasonality of milk production is related with parturition, monsoon availability of green grasses. Milk production in Nepal has two seasons; Flush and Lean season. First half of the location period is a flush season i.e. high milk production in which milk is produced for 5-6 months while the second half of 5-6 months is a lean season (lower milk production), Flush season usually starts from august/September and last until January/February that is milk production is increased from the month August/September and contiguous its peak production up to December/January and starts decreasing in January/February. The lean season or the low production period starts from February/March / April and lasts until August / September where milk yield continuous decreasing and reaches lowest in August/ September./ During the flush season, the Lactating cows / Buffaloes after parturition obtain sufficient green grasses to eat during monsoon and early winter months resulting into more milk production. While in the lean season, the availability of green forage reduced to almost zero during spring and summer dry months causing lowest milk production.

The researcher finds that after establishment of milk collection centre, farmers were increased cross breed cows instead of local cows. Total milk collection among samples households was estimated 390 liter per day. After establishment of milk collection centre, the amount of milk sales was increased day by day. Income from selling milk and milk product is Rs. 8340 per year. the dairy income is spent in various items. 25 percent households spend the dairy income in overall domestic expenses. The price of standard milk is Rs 10 to Rs12 per litre which has 4 percent fat and 7.5 percent SNF per litre in milk. The researcher finds several problems in the study area on dairy farming such as problem in credit facilities, veterinary, insurance, fodder, price of milk, improved breed, quality diet etc (Kharel, 2005).

Swanepoel, in his thesis states that the objective of the research was to quantify the economic contribution of the Colorado dairy industry. Using an I- O model the industry was analyzed, for each of the four separate sectors within the Colorado dairy industry,

dairy producers, fluid milk and butter manufactures, cheese manufactures, ice cream and frozen dessert manufactures. After estimating the economic contribution of each sector alone, the four individual components were aggregated into one industry. The quantification of the industry allows for future policy decisions to be made with the necessary knowledge, it provides an understanding of the social impact of the dairy industry, details the impacts on related industry, and allows for the long term benefits of the industry to be effectively analyzed.

NDDDB (1997) shows the cost of milk and income. The highest loss in milk per litre has found in Panchkhal and Morang Rs. 10.26 to 11.07 respectively. Similarly, lowest has found in Fickle (Ilam) Rs. 3.55. Above given loss was calculated with labour cost of DDC. The study has conducted milk cost analysis between three different chilling centres. The central milk producer co-operatives union have submitted memorandum to NG/Nepal mentioning a demand that buying price of milk and commission rate provide by the DDC should be increase in proportion to the percent increasing price of the daily consumer goods. In such a situation, the study report recommended that the sub-committee also necessary to review the existing price of milk in order to provide to the farmer (NDDDB, 1997).

In the study, the researcher finds that the average cost of production of milk including the implicitly cost (service cost) is Rs. 20.11 per litre where the current market price of milk is Rs 15.72. This difference shows the farmers incurring low of RS 4.39 per litre. This implies that the economic status of the farmer is not improved (Satisfactory). Gautam found so many problems like fodder, veterinary; credit facilities, pasture land, low price of milk etc. are in dairy farming. To solve these problems, researcher states that the DDP has to establish its own industry for supplying feed, training to farmers, low interest should charged milk price should increase (Gautam, 2000)

Awashthi (2005) has analyzed the cost aspect of milk production. He has selected 60 farmers with method of simple random sampling. The main objective was to analyze the cost of production situation of dairy livestock.

In his study, it was found that per day per milking buffaloes average total cost was Rs. 124.95, feeding cost Rs 43.37, labour cost Rs 43.00 and cost of per litre milk Rs. 17.46. The study revealed that average per day yield of milk 7.18 litre. Average per litre price of milk Rs. 20.90, average per day revenue from milk Rs. 151.67, revenue from sale of calf Rs. 10.22, revenue from compost fertilizer Rs 20.00 and total income Rs. 200.01(Per day per buffalo). The main problems of dairy livestock of the study area were low price of milk, milk holiday and general strike (Awasthi, 2005).

Baglung milk producer's cooperatives Union, Baglung analyzed the impact of BMPCU on the economic status of the milk producers who are engaged in MPCs. This study is prepared on the basis of both primary as well as secondary data.

A sampled household, in average spend Rs. 2207.90 per month on his/her milking cattle to produce 209.52 litres of milk. Out of 209.52 litres, farmers sell only 133.79 litres milk and 75.72 litres of milk is consumed by themselves. Thus, the average cost of production of per litre milk is Rs. 10.53 ($2207.90/209.52$). The average transportation cost from collection centre to BMPCU is Rs 4.50; the total average cost of per litre milk is Rs. 14.53 ($10.53+4$). The average selling price per litre milk is Rs 27. Therefore, the farmers earn net Rs. 12.47 per litre of milk. The average monthly income from selling milk products (ghee) is 253.06 per household (Sharma, 2008).

Karki (2010) in his thesis worked on the cost aspect of milk production in Tansen municipality of Palpa district. The main objectives of his study are; to analyze the situation of milk production, to determine the share of various components of cost in the total cost, to compare the cost of milk production with price paid to the farmers and to determine the optimum level (i.e. profit maximizing level) of milk production.

Researcher used primary as well as secondary sources of data and the research design in this study is descriptive as well as analytical. The researcher finds that the DDC provides average per litre cost Rs 26 to the farmers of Tansen. The average per day income per milkable buffalo has been calculated by the multiplication of average dairy milk production per buffalo and average price paid by DDC per litre of milk. The average

income per day per milk able buffalo according to the size of stall has ranged from Rs. 154.96, Rs. 161.2 and Rs 161.2 for one, 2 - 3 and 4 - 5 buffaloes stalls respectively. It shows that more than one buffaloes stall income is higher than the income of one buffalo stall due to increase in per day average milk produce (Karki, 2010).

Acharya (2012) has analyzed the livestock farming and cost of buffalo milk production in Ugratara VDC of Kavrepalanchowk district. The general objectives of his research are to study the livestock farming trends in Nepal, to identify per unit (Per litre) cost of milk production of buffaloes according to size of stall, to compare the cost of milk production and price of milk paid by DDC.

From the study it is found that per day per milking buffalo average total cost were Rs. 32.80 ,Rs. 31.20 and Rs. 29.40 for one, two and three buffalo stalls respectively. In the single buffalo stall has higher total than other so that farmer should keep more than one buffalo for milk production to get more profit. Among the cost component feed cost constituted to be the most significant component cost. It varied from Rs. 120.33 for one buffalo stall, 103.18 for two buffalo stall and 92.65 for three buffalo stall respectively. Labour cost varied from Rs 60.50, Rs. 44.25 and Rs. 46.83 for one buffalo stall, two buffalo stall and three buffalo stalls respectively. The labour cost also decreasing when buffalo stalls and increased (Acharya, 2012)

Timilsina (2014) has concluded that the livestock farming is one of the important sources of earning cash income. Livestock farming and agriculture are closely related. Livestock keeping, specially milking livestock keeping provides manure for agriculture on the one hand and milk and milk products are beneficial for our health on the other. In Syangja, people have been keeping livestock from the ancient period but history of commercialization of livestock is very short. Very few farmers who are near to the city have sold milk to the open market. The price of per litre milk was very low at that time. For making commercialization and respective occupation, AMPCS is established and it started to milk collection.

Sizya (2001) argued that cooperatives have been the leader in development interventions that aim to alleviate the poverty level of the poor in the rural areas. The rural people take solace in the little financial service that is provided by the cooperative. Sizya (2001) stated further that cooperatives are the most significant forms of participation in financial markets available to the rural Tanzanians.

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 quest and practical services.

Regmi further adds, in contest of increasing number of financial cooperatives in Nepal, as there are increasing financial crisis in South Asian countries, Nepal should learn the lesson from those countries and timely regulation is essential due to competitive financial market, now a days the cooperatives have to go their clients for providing financial services with new market strategy. Thus, financial cooperatives need to modify their traditional working style as need to modify their traditional working style as needed by changing time and situation.

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.

Bastakoti (2011) has claimed that cooperative is an effective way for women empowerment, gender balance, socioeconomic development, leadership development, cooperative management, financial management training, skill development and other gender sensation activities which is being carried out through different program at national, regional, and local level. It also conducts interaction program for women empowerment with the participation of the representative of cooperative and its stakeholders. It can be formulated code of conduct for committee members through the cooperative which is maintained ethical and financial discipline of their cooperatives. It

also launches awareness program for cooperative in different districts regularly. Beside these national cooperative runs agro-marketing for equality production and marketing the products internally and externally to realize the better price to the farmers to uplift the socio-economic condition of women. It can also select many other projects such as national cooperative bank, operation of cooperatives exhibition, distribution of fertilizers, supply of construction materials, and production of district cooperative unions through logical supports.

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

While performing their activities, co-operatives offer all individuals producers, workers, consumers- the opportunity to: pursue their economic needs and aspirations; become better integrated into society; and have access to goods, services and benefits that they would not otherwise have. This culture of equality also allows co-operatives to reflect the diversity of the people they serve(2015).

CHAPTER THREE

RESEARCH METHODOLOGY

"Research Methodology is the Scientific method is a systematic step-by- step procedure following the logical processes of reasoning". This section deals with rationale for the selection of study area, Population and sampling, tools and techniques of data collection observation, interviewand at last data presentation.

3.1. Rationale of the Selection of Study Area

Mirmiray Cooperative is one of the main sources of earning in the Damsideside agricular village communities. This study was done in the Baglung Municipality-5 of Baglung district. Mirmiray Co-operative declares that Baglung is one of the potential districts for dairy farming. Dairy has playing crucial role to improve socio economic condition of the rural people of the district.

This study is intended to find the role of dairy components to change the socio economic condition of the people living in the study area. It is seen that the main occupation of the district are business, agriculture and livestock so the study may find out the problem and solution of the dairy components. And the study of the dairy components in the study area provides the clue for developing other small income generating activities and enterprises associated with it.

3.2 Research Design

Descriptive research design is followed to achieve the objective of the study.The research portrays the accurate profile of how dairy components developed among the other cooperative in study area of Mirmire, Baglung. And, how the dairy components is progressing in the present context, what are the driving force behind its development are the other facets of study. The study also assesses how the dairy is helping to uplift the livelihood of the dairy members. Since the accomplishment of the study depends upon the methodology used to obtain data and necessary information, the following appropriate methods of research study. The selection and implication of methodology are of great

importance because it facilitates in analyzing and interpreting fact and figures for the study case study mixture of qualitative as well as quantitative techniques to yield best result have been used.

3.3 Nature and Source of Data

This study was conducted by using both the primary as well as secondary data. The secondary data were from the records of Baglung Municipality, District Development Committees, Mirmiray Co-operative and CBS, Cooperative Organization, District cooperative office. And, the data from published /unpublished journals, books, articles and research reports were also agglomerated as secondary data for the study.

The study mainly adopts the primary data collected by conducting intensive field works in Baglung municipality of Baglung district from February to March 2017. The sources of primary data are sample respondents, key informant interviews and field observations. On the basis of nature both qualitative and quantitative data were collected in this research.

3.4 Population and Sampling

The total population of the study area was the farmers having milk production at their homes which is 163 households. Among those households 40 samples were drawn by using stratified sampling. The strata were made on the basis of caste i.e. Dalit, Janajati, Brahman/Chhetri and on the basis of gender; Male and female.

3.5 Interview

Informal Interviews of the qualitative nature was conducted in the study areas. The interview were directive one and probed the different dimensions of how dairy should be advance in the present context. The interview also assessed on how to convert the existing subsistence level of dairy farming to commercialization of it. The training regarding livestock farming, the veterinary services available in the region and the possible strategy of increment of dairy components, problem of dairy farming, possible of market and the how the member were satisfied about the dairy services were probed on the interview.

Key Informant Interview : Chairman and secretarity of the cooperative society were taken as the key informant.

3.6 Observation

The management and operation of dairy farming shed management, sanitation maintained, the effect of benefits by dairy income at their homes i.e. life standard, etiquette, gadgets, infrastructure developed and quality of milk produced were observed during the field visits.

3.7 Data Analysis

The data collected through semi-structured interviews were processed manually. They are edited and coded and computerized for further analysis in MS Excel. The collected dataswere analyzed. Simple statistics such as percentages was uesd. Pie chart diagram and tables were used according to the need of the study.

CHAPTER FOUR

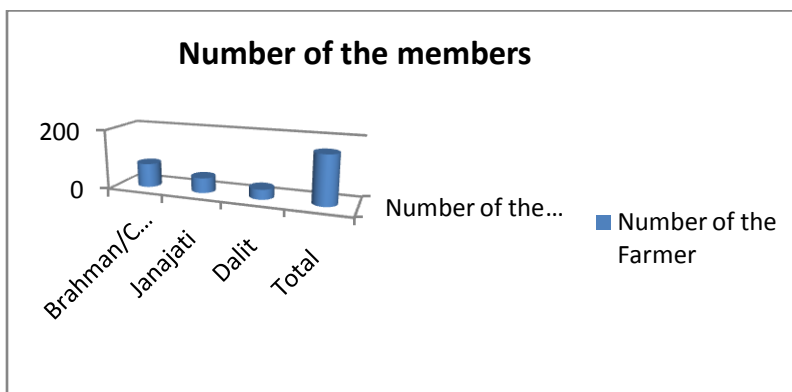
ANALYSIS AND DISCUSSION

Baglung district is located in Dhaulagari Zone in Western Development Region of Nepal. Geographically, it has an area of 2542 Sq. Km. and surrounded by Parbat, Magdi, Gulmi, Rukum Mustang and Salyan. The district headquarter is Baglung, There are four municipality and six Village municipality and it is divided into 3 electoral constituencies in Baglung district. Mirmirey Cooperative society is established in 2068 Bs. There are 25 founding members of this cooperative society. Currently, there are 163 members in the cooperative. There are 100 males and 63 females members. The registration number of this institution is 194. The fundamental aim of this saving and credit cooperative is agriculture and milk production.

4.1 Social Aspects

The saving and credit providing facilities for the people of Baglung municipality ward 5. The involvement in the cooperative are Brahman, Cheetri, Janajati and Dalit. Any one from the above said territory people can be the member of the cooperative. Cooperative shares its profit to the shareholder every year. There is not any discrimination towards Dalit, Janajati and other ethnic caste. In the cooperative the majority is Brahman/ Cheetri. Caste wise milk seller in the dairy components.

Figure No. 4.1 Respondents Distribution on the Basis of Caste



Source: Field Survey, 2017.

In the study area most of Brahman/ Cheetri involved in the dairy farming then dalit and Janajati. Dalit cast Damai, Kami and Sarki are economically poor and deprived in the society. They have not enough land so they work as daily wages. Because of low income and little agricultural land they don't get asses for the livestock farming. The old generation of the dalit still continuing their traditional skill and technology but the young generation is working as daily wages, wood works and other alternative job. The condition of Janajati in the dairy farming also less. Cooperative provides equal facilities to its all member.

Table 4.1 Details of House Hold of Members:

Particular	0-14	14-59	60- above
Male	25	60	9
Female	20	40	6
Total	45	100	15

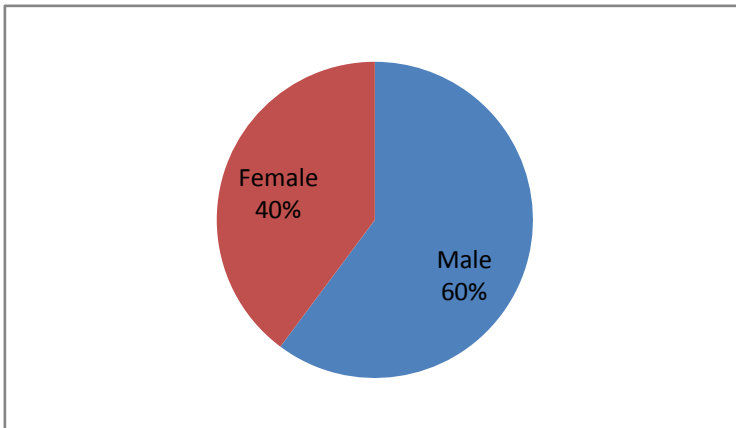
Source: Field Survey,2017.

Most of the members are between the age group of 14-59. Childrens are only 45. 15 people are in advance in age.

4.2 Gender

Both male and female are active in he livestock farming. They are active in the cooperative. The participation of the women in the cooperative is increasing. Out of total members the women were 40% and male were 60%.

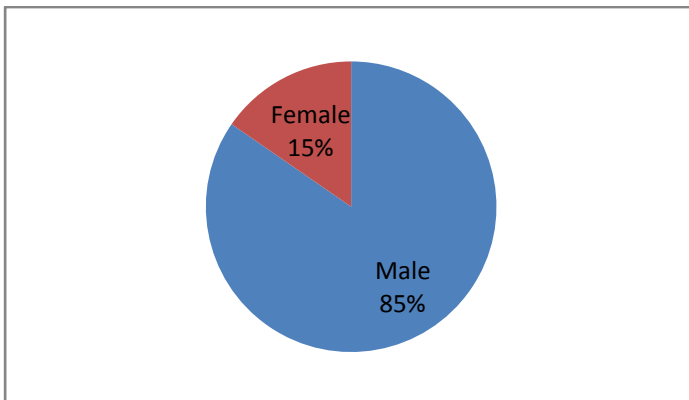
Figure 4.2: Gender wise members in Cooperative



Source: Field Survey, 2017.

But in the decision making process of the cooperative the participation of the female is very little then male. There is one executive committee to run the cooperative smoothly and under the main committee there are two subcommittee, one is loan committee and another is account committee. The participation of the women in the executive committee:

Figure 4.3: Gender wise members in executive committee in Cooperative



Source: Field Survey, 2017.

It shows that out of 40 percent member of the cooperative women only 15 per cent is in decision making process. It shows that clearly there is gender discrimination for the women. It is because of the male dominated society.

Table 4.2 Educational Status of the Respondents

Literacy Status	Male	Female	Total	Percent
Illiterate	2	3	5	12.5
Literate	8	6	14	35.0
Level of Education				
Primary level	5	2	7	17.5
Secondary	6	3	9	22.5
Higher secondary	3	2	5	12.5

Source: Field Survey, 2017.

Table 2 shows that out of total respondent 35 percent are literate . Out of total respondent 17.5 percent respondent have passed primary level, 22.5 percent have passed secondary level and remaining 12.5 percent have passed the higher secondary level. The data shows the literacy rate of respondents is very high that may be because of the respondents are selected from the age of 16 years to 60 years. Male respondents are more educated in higher secondary level then female. It is due to patricial society.

4.1.6 Main Occupation of the Respondents

Occupation is tie back ground of the economy and economic indicators of the population. It is one of the most influencing variables that determine the economic condition of the country.

4.1.6.1 Main Occupational Status of the Respondents

The main occupation status of the respondent is given on the table 3

Table 4.3 Main Occupational Status of the Respondents

Main Occupation	Cooperative member	
	Number	Percent
Farming	28	70.0
Wage Laborer	3	7.5
Hotel	1	2.5
Livestock/Poultry Farm	2	5.0
Selling milk	2	5.0
Shop Keeping	1	2.5
Public Service	3	7.5
Total	40	100.0

Source: Field Survey, 2017.

As mentioned on the table 4.6, nearly 70 percentage of the respondent are involved in farming, only 7.5 percent of respondents involved in wage labour, 2.5 percent involved in hotel, 5 percent involved in livestock/poultry farm, 5 percent involved in selling milk, 5 percent involved in shop keeping, 7.5 percent involved in public service. The data shows that most of respondents have adopted farming as the main occupation. Farming is low income earning occupation. So, the level of income of non-member respondents is less than the member respondents.

4.1.6.2 Main Occupational Status of the Respondents from Member of COs

The main occupation of the respondents before and after the involvement of cooperatives is shown in the following table:

Table 4.4 Main Occupational Status of the Respondents from Member of COs

Main Occupation of Member	Before		After	
	Number	Percent	Number	Percent
Farming	30	75.0	19	47.5
Wage Laborer	3	7.5	2	5.0
Hotel	1	2.3	3	7.5
Livestock/Poultry Farm	1	2.5	4	10.0
Selling milk	2	5		17.5
Shop Keeping	2	5	4	10.0
Public Service	1	2.5	1	2.5
Total	40	100	40	100.0

Source: Field Survey, 2017.

The table 4 shows the main occupation of respondent before and after the involvement in cooperatives. Before joining in cooperatives about 75.0 percent of respondents involved in farming sector, 7.5 percent of in wage laborer, 2.5 percent in hotel and same percent in Livestock/poultry farm., 5 percent involved in selling milk and same percent involved in the shop keeping, and only 2.5 percent respondent involved in the public service.

After joining in cooperatives its member changes their occupation so that they can earn more than previous. Now, involvement in farming decreased from 75.0 percent to 47.5 percent, wage laborer decreased from 7.5 percent to 5.0 percent, involvement in hotel increased from 2.5 percent to 7.5 percent, involvement in livestock/poultry farm increased from 2.5 percent to 10.0 percent, selling milk increased from 5.0 percent to 17.5 percent, shop keeper increased from 5.0 percent to 10.0 percent but the working in public service remain constant.

Here, the major reduction is in farming and major increasing in livestock/poultry farm and milk seller. It may be because it is easy to take loan from cooperatives for livestock/poultry farm and also it is traditional profession so they can handle easily this occupation by their knowledge.

4.3 Economic Aspect

Land Holding Size (Ropani)

Land holding size of the respondent is given on the following table

Table4.5 The Land Holding Size of the Respondents

Land holding size (Ropani)	No of Respondent	Percent
0-5	4	10.0
5-10	8	20.0
10—15	5	12.5
15-20	12	30.0
20-25	5	12.5
25 Above	6	15.0
Total	40	100.0

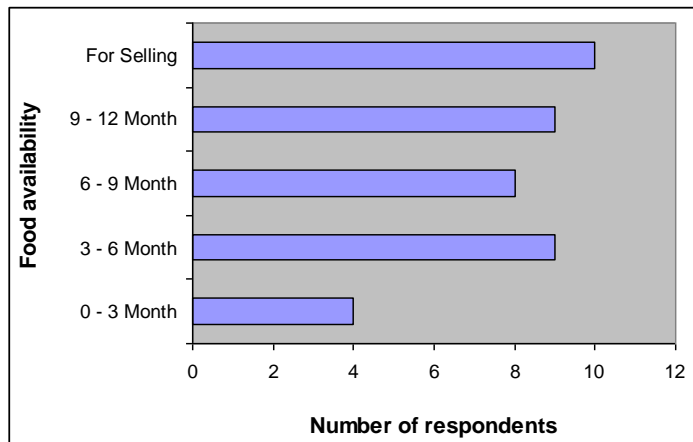
Source: Field Survey, 2017.

As mentioned on the table, 20percentage respondents have 5-10 Ropani land, 10 percentage respondents have 0-5 Ropani land then only 12.5 percentage respondents have above 10 Ropani land. The people are dependent upon agriculture and the main source of income of households is agriculture in the study area.

Food Availability

The main crops of the study area are rice, wheat, maize; potato etc. In the study area most of the people depend on agriculture so out of 40 respondents 10 sold their agricultural product. 4 respondents only got food only for 1 to 3 months and 8 respondents responded that they got food for 6 to 9 months Most of the farmer could not get food for the whole yearthe food availability of the farmer is detail below:

Figure4.4: Food availability of the people



Source: Field Survey, 2017.

Animal Holding

Farmers have been keeping livestock for many years. Buffalo, Goat, Ox, , Cow and Hens are major source of income from livestock in this study area. Almost all the farmers have kept buffalo for the dairy purpose. After the establishment of dairy components farmer have started keeping more buffaloes because now they have realized that dairy farming is an important source of earning.

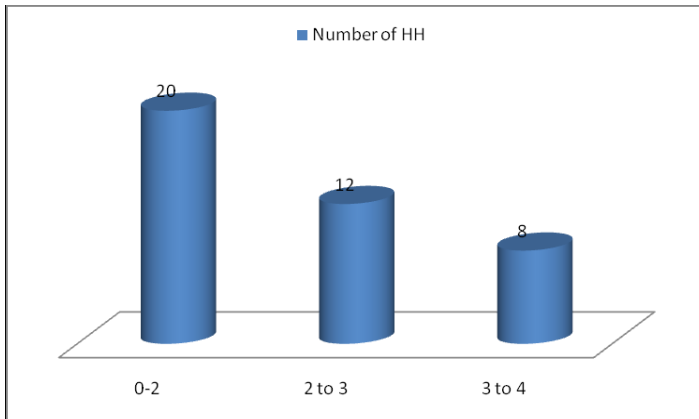
Table 4.6Detail List of Animals:

Animal	Number		
	Local	Improved	Total
Buffalo	58	18	76
Cow	12	4	16
Goat	70		70
Ox	8		8
Pig	6		6
Other			

Source: Field Survey, 2017.

More people are involve in buffalo keeping. Goat is also significantly increasing.

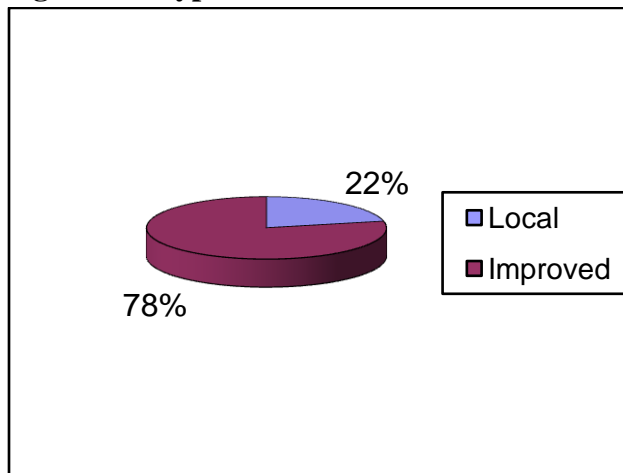
Figure 5: Number of Buffalo per Household



Source: Field Survey, 2017.

Based on the above figure, maximum households (20) keep 1-2 buffaloes and only few(5 household) keep more than three buffalos. It shows that still the farmers do not have practiced of farming in commercial purpose.

Figure4.6: Types of Buffalos:



Source: Field Survey, 2017.

Most of the farmers keeping the improved buffalos because it can give more milk then the local buffalo. Its cost high. Farmer who cannot afford the improved buffalos they are keeping the local.

Milk Production

The total milk production was less in liters before the involvement of the rural farmers in daily co-operation because milk was produced for consumption purpose and selling nearby market Only few farmer have sold their milk in the near by market like Suldada,

Gaudakota. Loktantrik Chock. Kakigraus Chock, Campus Chock . All farmer did not get chance to sell their market because they have to walk more then one hours to reach the market centre. But after the involvement in co-operatives the milk production has been drastically increased because they have found the marketing facilities. Before people kept more local Buffalos. But now people prefer to keep an improved dairy buffalo because the total amount of milk production of local dairy animal is less in comparison to improved Buffalos.

Utilization of Milk

Before the involvement of people in dairy components, it was difficult to find the marketing facilities. So milk was processed locally into ghee and other products. But with an establishment of dairy components people only focus their attention to sell raw milk because it is easier and less time consuming, so they use the produced milk for consumption purpose and selling purpose.

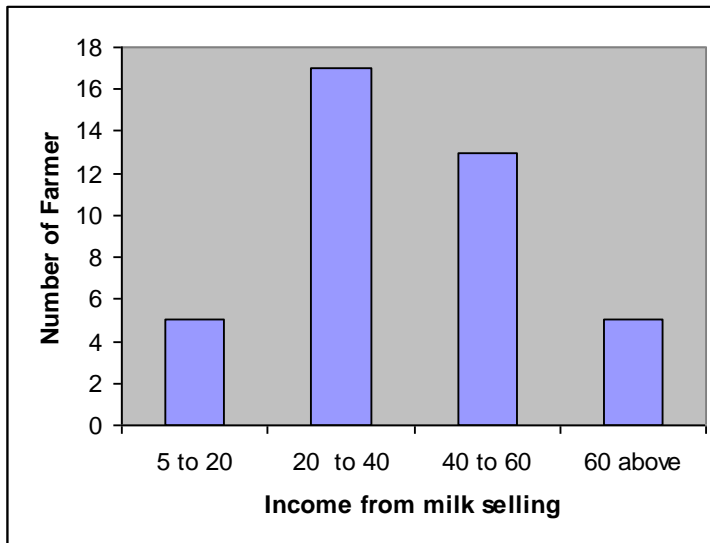
Period of Selling Milk

Not all the farmers sell milk throughout the year. They sell more milk in summer season than in the dry season. Farmers who have more than two milking buffaloes sell milk throughout the year But farmers who have only one or two milking cows or buffaloes can sell milk for 7 months only. The average month of milk selling in the study area is 9 months.

Income Earned from Selling Milk

Before the involvement of people in dairy components most of the members used to keep local dairy buffaloes because dairy animals were kept for milk and consumption and left over were sold in nearby market. Dairy farming was for substantial purpose. But after the involvement in dairy components people started to keep improved dairy cattle's as these cattle provide more milk in comparison to local buffaloes. Now people have started taking dairy farming as little commercialization.

Figure 4.7: Annual Income from Milk Selling



Source: Field Survey, 2017.

Most of the farmer earning 20 to 40 thousand per year by selling the milk. Farmers who have more than 3 buffalo could earn more than 60 thousand per month. Some farmer earned eighty thousand by selling the milk. It showed that farmer who reared more buffalos can earned more money.

4.4 Income from Non Dairy Animals

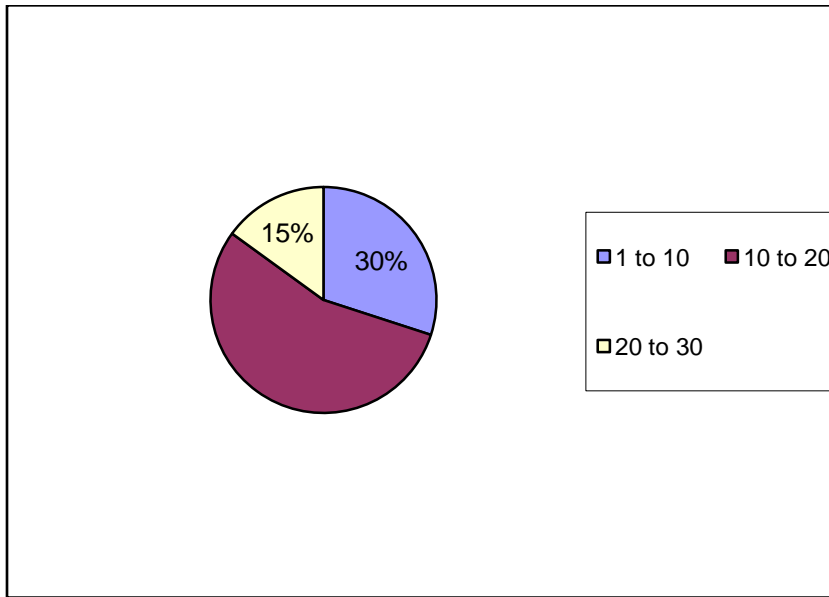
Most of the members have been keeping improved buffalos after involvement in dairy components because to buy those buffalos loan is provided by co-operatives in minimum interest rate i.e. annually 14 percent. Besides the milk selling, farmers earn by selling of the goat, calf and poultry. The following figure indicates the income from the non dairy animals.

Table4.5: Income from Non-dairy Animals

Income from Non dairy animal(In Thousands)	Number of respondent
1 - 10	12
10 - 20	22
20 - 30	6
Total	40

Source: Field Survey, 2017.

Figure4.8: Income from Non-dairy Animals



Source: Field Survey, 2017.

The figure shows that 15 percent farmers earned 20 to 30 thousand and likely 30 percent earned 1 to 10 thousand and remained 50 percent farmers earned 10 to 20 thousand in non- dairy product annually.

4.5 Expenditure for Dairy Animals

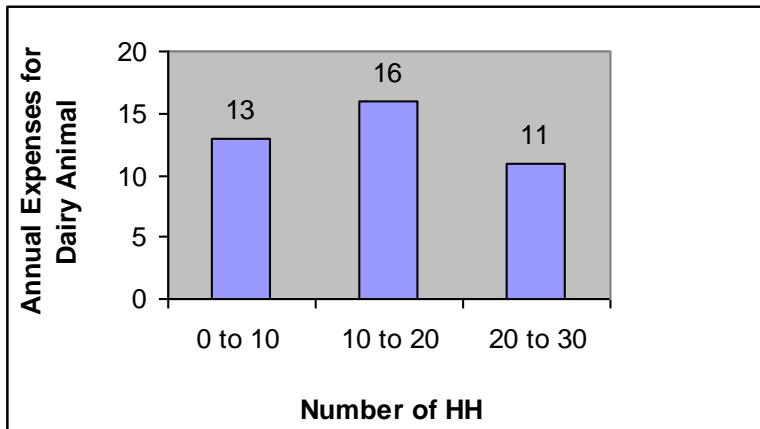
In this session the researcher includes the total expenditure for the dairy animals which farmer take from other or buying from other. It is not included the cost of farmer's own product and invest. It is the sum of veterinary services and fodder material for the animals.

Table8: Expenses for the dairy animal (in thousands)

Expenses for the dairy animal (in thousands)	Number of Respondent
1- 10	13
10 - 20	16
20 - 30	11
Total	40

Source: Field Survey, 2017.

Figure4.8: Expenses for the Dairy Animal (in thousands)



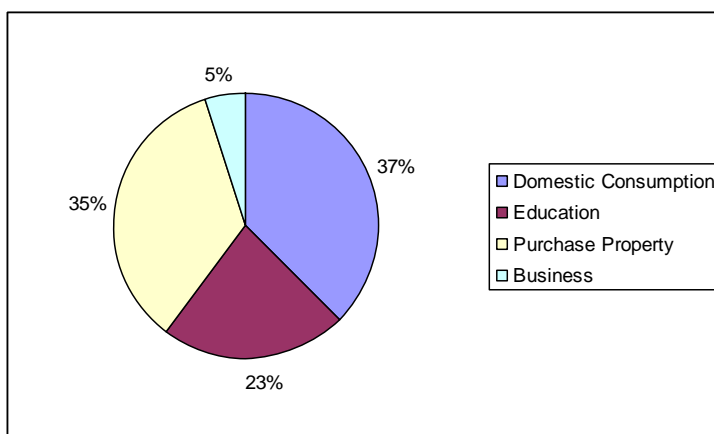
Source: Field Survey, 2017.

The above figure shows that 0 to 10 percent farmers expense 13 thousand , 10 to 20 percent 16 thousand and 20 to 30 percent expense only 11 thousand annually on dairy animals.

4.6 Uses of Dairy Income

Farmers use the earned income from selling milk is spend in various household purposes. Mostly the earned income is spend for the cattle itself and left over is spend for domestic purpose, education purpose, to purchase property etc. Most of the members of co-operatives spend their dairy income on domestic purpose and to purchase property, education purpose and in other sectors like to add up in improved cattle.

Figure:4.9 Utilization of Earning from the Milk Selling

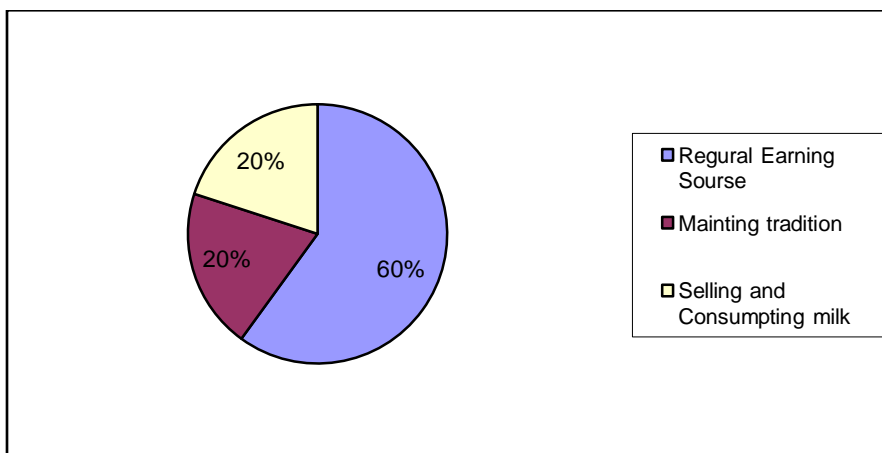


Source: Field Survey, 2017.

4.7 Major Causes for Preferring Dairy Farming

Needless to say agricultural and dairy farming are interrelated to each other. For the dairy farming it is needed grass and other fodder which people can get from the agricultural products and waste. The Dairy farming has been developing as an easier mean to obtain regular cash income than food and cash crops. This sector is also less affected by climatic variation. Food and cash crops depend on nature and prices of such products do not remain stable. When the price of food and cash crops fall, it cannot cover the cost of production. So, there are various reasons for preferring this dairy sector by farmers. The main cause to focus in this dairy sector is regular earning income. So people who are depend on agriculture they are involved in the livestock farming.

Figure 4.10 Causes for Preferring Dairy Farming



Source: Field Survey, 2017.

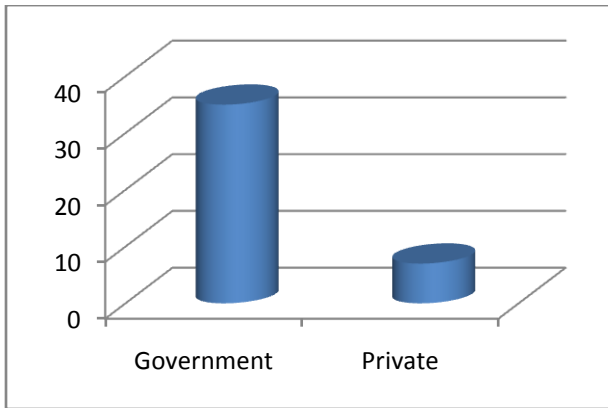
4.8 Dairy Components and Living Standard of the people:

Schooling of Children

All cooperatives people have realized the importance of education. They feel that without education they have not increased their social status. The researcher found that every members sends their children to school. Numbers of students have slightly increased than in the past. There is only government school so farmers send their children to the government school but few farmers send their children to the Town for the quality education to near district headquarter and capital Kathmandu. Only few farmers who can

afford they send their children to the private school. It is seen that most farmers send only sons to the private school. But with increases in income farmers prefer to send their children to private boarding schools then government schools if the private school is near. The schooling pattern of the farmer can predicts in the following chart.

Figure4.11: Schooling of Children

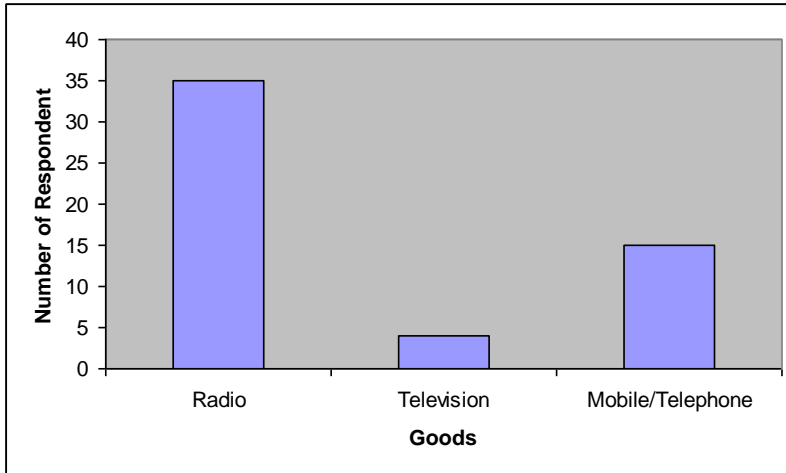


Source: Field Survey, 2017.

Luxury Goods

The farmers have spent dairy income in luxurious goods such as radio, Mobile, television. Before all co-operatives they have less luxury goods, they have only Radio. But, after all co-operatives increase in their income level they able to buy luxury/necessary goods like television, mobile, telephone etc. The rare of luxurious goods has been increasing with the increase in their income level. Because of the technical problem there is not access of television facilities in the study area so the farmer starting to buy antenna disk and television for the news and entrainment this shows that everyone needs entertainment besides work. Radio and TV at home helps rural farmers to more conscious about the various national and international issues.

Figure 4.12: Farmers having luxurious goods



Source: Field Survey, 2017.

Fuel Consumption for Cooking Purpose

Firewood is the major sources of fuel in the study area. People can get firewood from the nearby community forestry so most of the farmer uses the firewood. Some household started bio gas but now almost bio gases are not running. Farmers need more awareness about bio – gas. Only few houses cooking food in rice cooker out of 40 respondent only twenty household using the rice cooker for cooking food rest household using firewood.

Sources of Loan

Loan is the major source of rural poverty because the low level of income results in taking loan but the high interest rate makes rural people unable to pay backing the mentioned time. This results in indebt ness. Before many farmers used to take loan from, the village money lenders where interest rate is high (24%) due to which rural people getting poor day to day. But the involvement in co-operatives many farmers are given loan in low interest rate 14%. This has resulted into farmer's investment in new field and earning income. As the cooperative provide loan to their members only, there is gradual growth of membership in the cooperative. This has also helped farmers in saving their money. The following table shows the increase of members in the cooperatives in past ten years.

Table4.10: Increasing Ratio of the Cooperative Members

Year	Shareholders
2068	35
2069	40
2070	112
2071	146
2072	163

Source: Field Survey, 2017.

Most of the respondents were satisfied with the interest rate of the cooperative (Saving = 8 percent and Credit 14 percent per year). Only few respondents not satisfied with its rate.

Involvement in Dairy Farming

The major activities of daily farming are cutting grass, feeding, cattle, cleaning and caring and at last marketing. Generally cutting grass feeding cattle and cleaning are the work of female and marketing is done by male. Before there were, work division between male and female. Women were bounded in household work and male at the outside the household. But during the study the researcher found that in the study area there was no such division of work. The people have realized that their aim is to earn money so they perform any of the activities when ever anyone is free. This shows gender equality. Now male also goes for cutting grass and feed the cattle's if the women are busy in other work the perception of male and female and their work division has been changed into "WE" and "OUR".

Animal Health

In the study area the people and the cooperative also not so much conscious about the animal health. Cooperative had given the training to the farmers sometimes but it is not enough to manage their shed and the related for livestock farming. Cooperative had send one person for the veterinary training and he has established one veterinary shop near by the cooperative building but farmer need more facilities besides this. The quality of veterinary should be increase there is not any regular check up and vaccination for

animal. The researcher found during the field survey the shed for the animal is not managed and there is not enough care for the animal health.

Feeds and Fodder

Ground grass, tree fodder crop by products of rice plant and maize plant are the main feed stuffs for the dairy animals in the study area. Before the farmers were not so conscious about feeding for cattle. But now they have realized that if they could feed more improved green grass to cattle then this results into increase in production of milk and milk fat percentage on which basis the payment is done by dairy development industries either government or private.

4.9 Dairy Components and Development

Dairy components has played a vital role in the development of rural people in the Mirmiey. It has provided market place for the milk produced in the municipality. Local farmers are encouraged to keep buffalos. The loan facility of the cooperative without any collateral has helped farmers for easy access of money. The loan is sanctioned to the local farmers only for domestic purpose and buffalo buying. The repayment of the loan is done every six months. Besides this, farmers have practice of saving money being the member of the cooperatives. The cooperative has established chilling center with an investment of 11 lakhs, where it received NRS 7 lakhs contribution from the DDC. The cooperative is able to provide job opportunities for the local people. There are 1 fulltime and 3 part-time employees in the cooperative. In the year 2073, the cooperative has collected the profit of amount NRS 2 lakhs.

Dairy and Infrastructure Development

The cooperative has rented one Building of its own. A lane (small road) is build for the farmer to reach the cooperative. It is providing annually NRS 5 thousands to a local school namely Shree Mulpani Higher Secondary School. This school is only nearest Higher Secondary School in the municipality.

4.10 Problems and Prospects of Dairy Members

Dairy components

Dairy components have a lot of potentialities if the proper attention is given from concerned sectors. These co-operatives not only do saving and credit facilities but also provide loans, marketing facilities to the rural poor farmer and make them secure. And the advices make farmers more aware of the problems and prospects of this sector.

Problems of Dairy Farming

- High cost of milk production because of subsistence level of farming:
Dairy farming in the study area is still dominated by non-commercial farmers, so the production cost of milk is generally higher. So it is needed to produce milk at a competitive price. Even commercial farmers rearing more than three buffaloes are producing milk at a lower cost than the farmers rearing a single animal. It is possible to reduce production cost by improving management through better feeding, breeding and health care.
- Low price of Milk
Farmers always demand for increasing the price of milk. According to them water is more expensive than milk. The price of milk is very less in comparison to their expenditure for their animals. People of the study area get 40 rupees/liter milk on average. It is very cheapest. If the condition will not improve farmers are affected badly.
- Lack of diversification
Product diversification has been very limited in Nepal. Less than 5 percent of milk collected is converted to other dairy products and most of them are for consumption purpose. And even farmers prefer to sell raw milk rather than selling milk products because they feel that time is also saved and well it is easy too. There is also a problem of animal diversification. Farmers only rear buffaloes, very few farmers keep the local cows for the religious purpose.
- Lack of Insurance Facilities

Most of the farmers complain about the lack of insurance of animals. Farmers buy improved breeds taking loan from different sources but if the animals die or become sick then there is no facilities of repayable.

- Veterinary services

The proper veterinary services and facilities are not available in the villages. There is lack of trained veterinary doctors and technicians. Thus most of the problem of dairy farming is lack of veterinary facilities. And they too have to come to main city to by medicine and if they prefer to call them in village's then heavy amount have to be paid. So the farmers fear to keep improved cattle's because if they die because of lack of treatment then the farmers have to bear heavy loss. And sometimes farmers by veterinary drugs in shops and feed their animals, sometimes these impacts negatively to their animals.

- Lack of new technology:

The cooperative is not using the proper new technology. There is need of computer and other new equipment to taste the milk. Problem of Milk damage because there is only one time collection, if the collection time is change morning and night, it will be less. Because people have to sell both morning and evening time.

- Milk Holidays

It is the major problem of dairy farming but last two years this milk cooperative not facing the milk holidays it must be continued in the future.

4.11 Prospects of Dairy Components

Besides these problems this dairy sector has lot of prospects in future. Farmers have been keeping dairy animals since long and they will continue to do in future also. There are losses of potentialities in this sector for raising the living standard of rural farmers. This sector can be strong means for rural development. The major reason being agriculture and dairy farming are complementary to each other. Animal manure is useful in agriculture. It helps to produce more crops and the diversity the crop as animal manure makes soil more fertile. If more animals are kept more dung is produced which results in more production. If more crops are produced then farmers will have more crop-residue and grain to feed

animals. Due to more fertile land improved grass and other feeding materials are likely be grown in this area. If the private sector are encouraged in this field to keep the milk power plant, or to diversify the product then it can competitive with international market and reduce the import of dairy product. Then the problem of milk holidays can be solved and the secured marketing facilities can be provided to the rural farmers. The availability of marketing facilities meant rapid growth of dairy development.

- The climactic condition of the area is pleasant. It is neither too cold not too hot. The suitable climate helps of this area helps for the quick development of dairy farming. Both the breed either local or improved breed can be reared in this area. Similarly, varieties of improved grass and fodder can be grown in the study.
- There is not proper availability of road networks. To reach its own chilling centre porters have to carry the milk for 20 minutes. There is not proper facilities of transportation
- Dairy farming is less affected by climactic variation than agriculture field. So many farmers are attracted towards this sector which is positive sign for healthy competition. Milk producers. Produce good quality and hygienic milk as a result it will have positive effect on human health and as well product can be diversified and can compete with international market.
- This cooperative established its own chilling centre where daily 2200 (In average) liter milk is collected from the different dairy components. It provides facilities for the other dairy components also. So it may product the different items of dairy which can sell in the near market.
- Till date, the repayment of the cooperative is found very well where some of the clients who repay late are charged the fine as per the rules of the cooperative. It should be continue in the future.
- Saving and credit system of the cooperative also remarkable. It is seen that there are duplication of membership within the own family. It is needed to make criteria for to be a cooperative member.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMENDATION

5.1 Summary

Cooperative organization in this area has been effective for rural development because of implementing various, projects. This program is helpful for rural development especially for poverty alleviation. Cooperative organization was established in Mirmire in Baglung District during 2068 B.S. No research has been done by anybody about in Baglung District. So, this research has been conducted with various objectives.

The main objective of the study is (a) to evaluation the effectiveness of Cooperative organization in institutional development at grass-root level and their economic development. The specific objectives are as follows:

- To study the process of Cooperative organization
- To identify the achievement on institutional development.
- To identify the achievement on economic development.

Review of Literature and related studies are included In the title of Historical review there is include cooperative development and poverty, review of selected poverty alleviation programme during different plan period. In this chapter include the concept of community, method of strategies, development programmes in Nepal and impact and evaluation studies of Cooperative organization

Methodology used in carrying out this study has been incorporated. Primary data has been collected by sampling techniques. Questionnaire, field survey, interview are used as tools of data collection. Secondary data has been collected from books, booklets, bulletin, news paper, magazine and other other published and unpublished data etc. tools are used in study.

In the study include physical condition, road network, population condition with analysis and interpretation collected data are mentioned. The study also about settlement area, major crops, infrastructure development, analysis and interpretation collected data with table about loan description, health condition, types of diseases and toilet situation.

There are four municipality and six Village municipality and it is divided into 3 electoral constituencies in Baglung district. Mirmirey Cooperative society is established in 2068 Bs. There are 25 founding members of this cooperative society. Currently, there are 163 members in the cooperative. There are 100 males and 63 females members. The registration number of this institution is 194. The fundamental aim of this saving and credit cooperative is agriculture and milk production. VDP focuses on income generating activities, skillful training, education and awareness building.

People's life status is increasing gradually after established cooperative Program. They have been free from high rate interest of local money lenders. CO member collect certain amount money and invest on various purposes among themselves.

The most effective project under cooperative Programme is agricultural loan . This programme has given priority in agriculture and milk production Credit Capital is invested on vegetable farming, goat rearing, poultry farming and business.

From this study, it can be identified that female, Dalit and disadvantaged groups (DAGs) who are target groups of this program are found benefited. Also the rate of people's participation has been increased. People's perception toward cooperative has been found positive. Its positive impacts have seen in social, economic, educational, health and sanitation sector. Caste and gender discrimination have been minimized.

5.2 Conclusion

Based on the successful experience from field study of the Miremery Saving and Credit Cooperative limited the researcher has found that dairy farming is integral component of livestock farming. People of this area are more into dairy farming. But with the

development of dairy components, participation of poor and marginal farmers is not in high rate.

The cooperative plays vital role for the improvement of the socio economic condition of the people. Firstly, fostering we feeling among rural farmers Secondly, providing marketing facilities to rural milk producers. And thirdly providing saving and credit facilities to the rural poor farmer. Dairy components have made the farmers to unite themselves in groups and they have feeling of togetherness. This sector has significant impact on the quality of life. Number of people has changed their patterns of life as well as their mode of living. This has been measured during study by analyzing their socio-economic status, and their awareness level. Through the study the researcher has found that this dairy farming has lot of potentiality instead of having lot of problems in this sector, like-lack of institutional facilities, veterinary facilities, animals health, insurance low price of milk, milk holidays, subsistence level of farming etc. these problems hinders in development of this sector but these problems have solution. Problems lies in every sector but if we can solve through the involvement of government and private sector in this field then this sector has lot of capacities and it can be a means of rural development.

5.3 Recommendations

Dairy farming plays an important role to uplift the standard of the rural farmers. Still there is lot of problems and need for improvements. Sustainable and commercialization of dairy farming is necessary to reinforce its role in rural development. Recommendation for its improvement is as follows:

1. Subsistence versus Commercialization: Most of the farmer rearing 1 to 2 buffalo per household. Cooperative should encourage the farmer providing different facilities to farm more buffalos. It is the subsistence level farming it must transfer to the commercial scale.
2. Need of diversification: The livestock pattern of the study area is only rearing buffalos. Cooperative should encourage farmer to farm the different dairy animals like cow.

3. Cooperatives should encourage farmers to keep improved animals whose productivity is higher than that of local ones. Cooperatives should provide breed of animals on subsidy prices.
4. Animal insurance: There are not facilities of animal insurance Cooperative should give much attention for the animal insurance. Farmers should organize and give pressure to the concern agency to insurance of their cattle's because in case of their loss they may receive its claim.
5. Trainings / Exposure visit should be given to farmers for quality production of milk, animal health and diseases and shed management. Farmer should be aware of animal health regular checkups of the animals also.
6. Farmers should be made aware of giving good quality based feed / fodder to their cattle's because milk production from cattle's depends upon the feed they get.
7. Cooperative should use the new technology to improve the condition of organization Cooperative collects milk only in the morning time, so it is recommended that to collect twice in the day morning and evening. If so there is less chances of milk damage. The cooperative should adopt new technology for dairy and marketing.
8. Cooperative provides loan for only domestic consumption and for purchasing buffalos. This needs to be changed giving priority for business, small scale industry and other income generation activities and there is limit of 25 thousands which should be increased.
9. Cooperative should take initiatives to motivate Dalit, Janajati, women and marginalized people for dairy farming.
10. Cooperative should have balanced gender and other ethnic groups in the executive committee. There is a not good facility of veterinary services. The cooperative should provide veterinary services to encourage farmers towards the dairy production.

REFERENCES

- Acharya, N. (2012). *Livestock farming and cost of buffalo milk production: A case study of Ugratara VDC of Kavrepalanchowk*. (Unpublished master thesis). Central Department of Economics, Tribhuvan University, Kathmandu Nepal
- Acharya U. (2009). *Problem and prospect of financial co-operative in Lalitpur district*. An unpublished Thesis of MA. Central Department of Economics : Tribhuvan University, Kathmandu Nepal
- ADB (20013) *Report and recommendation of the president of the Board of Directors on a Proposed Loan to the Kingdom of Nepal for the Community Livestock Development Project*. ADB, Nepal.
- ANZDEC Limited, NZ (2002). *Nepal agriculture sector performance review*. Kathmandu: Agriculture Development Bank.
- Awasthi , P. R. (2005). *An analysis of cost of buffalo milk production: A case study of Mahadevsthan VDC of Kavre district*. (Unpublished master thesis). Central Department of Economics, Tribhuvan University, Kathmandu Nepal
- Bastakoti S. (2011). *Role of women co-operative to uplift socio-economic status of women in rural economy, Tandrang VDC Gorkha, District Nepal*, Central Department of Economics Tribhuvan University, Kathmandu Nepal
- Charles Ling, (1996). *Dairy Co-operatives Role in managing price Risks*
- Dairy Development Corporation (DDC) (2008). *Annual report of DDC 2007/2008*. Kathmandu: Dairy Development Corporation.
- Dairy Development Corporation, (DDC) 2006. *Annual report of fiscal year 2062/63*,
- Sarkari Sandesh, (2015). *A publication of National Cooperative Federation of Nepal*.
- Central Office, Lainchour, Kathmandu.
- FAO (1972). *Payment for milk on quality*. Rome: Food and Agriculture Organization of the United Nations.

- FAO/PPLPI Pro-poor livestock Policy Initiative, (2015). *Livestock Sector Policy Brief: Nepal*. FAO, Rome.
- Gautam, S. K. (2000). *Economic status of the dairy development project on the economic status of the farmers of Dhikurpokhari VDC of Kaski district*. (Unpublished master thesis). Central Department of Economics, Tribhuvan University, Kathmandu.
- Karki, N. B. (2010). *Cost of milk production for dairy farmers: A case study of Tansen municipality of Palpa district*. (Unpublished master thesis). Central Department of Economics, Tribhuvan Multiple Campus, Tansen, Palpa.
- Kharel, N. (2005). *Dairy farming in Sikkim: A case study of turung-bikmat milk produces cooperatives society of south district*. (Unpublished master thesis). Central Department of Economics, Tribhuvan University, Kathmandu.
- Karki, B. B. (2005). *The Journal of Nepalese Business Studies*. Vol. II No. 1 Dec. 2005
- NDDDB (1997). *Cost analysis differing chilling centre*. Kathmandu: National Dairy Development Board.
- NDDDB (2013). *Annual report (2011/2012)*. Kathmandu: National Dairy Development Board.
- Pradhan, K. (1994). *A study on livestock and cost of milk production in Panauti VDC*. (Unpublished master thesis). Central Department of Economics, Tribhuvan University, Kathmandu.
- Pradhan S. M., Shrestha, B. S., Aryal M. P., & Pradhan, A. (2008). *Annual report*. Lalitpur: Bovine Research Program, Nepal.
- Paraguli T. R. (2011). *Socio-Economic Empowerment of Women through the Micro credit program (A case study of Pala VDC of Baglung district Nepal)*. Central Department of Economics Tribhuvan University Kathmandu Nepal.
- Paraguli T. R. (2011). *Socio-economic empowerment of women through the credit gram (A case study of Pala VDC of Baglung District Nepal)*. Central Department of Economics Tribhuvan University Kirtipur Nepal

- Regmi, Y. (2002) *Managing of financial institution and cooperative. Banking Parwardhan*. Kathmandu: Nepal Rastra Bank.
- Sazya, M. J. (2001). *The Role c-cooperatives play in pcverty Reduction in Tanzania*. Paper Presented at the United Nations International Day for the Eradication of Poverty. October 17.
- Sharma, K. (2008). *Dairy cooperatives in Nepal:A case study of Baglung milk producers' cooperatives union, Baglung, Nepal*. (Unpublished master thesis). Central Department of Economics, Tribhuvan University, Kathmandu.
- Swanepoel, G. (2014). *An analysis of the dairy industry:Regional impacts and rational price formation*. (Unpublished M. Sc. Thesis). Department of Agricultural and Resource Economics. Colorado State University, Fort Collins, Colorado.
- Upadhaya, R. M., Joshi, D. D., &Thapa, T. B. (2001). *History of dairy development in Nepal*. Kathmandu: National Dairy Development Board
- Sharma, P. (2004). *A handbook of social science research methodology*, Kathmandu Kshitiz Prakashan.
- Torgerson, R.E., B.J. Reynolds, and T.W. Gray. 1997. *Evolution of cooperative thought, theory and purpose*. <http://www.uwcc.wisc.edu/info/torg.html>
- Upadhaya, Ram Milan; Joshi DurgaDatta and ThapaTek Bahadur, (2001) *History of Dairy Development in Nepal*, Lalitpur: National Dairy Development Board, Danida Support Project.
- USDA, 2007. *Farmer Cooperative Statistcis, 2005*. USDA RD Service Report 65 <http://www.rurdev.usda.gov/rbs/pub/sr65.pdf>
- Verma, S.K. 2005. *Cooperatives and tourism: An Asian perspective*. A paper presented in TICA 2005 General Meeting in Cartagena (Colombia) on 20 September:www.ica.coop/tica/cartagenaverma.pdf
- Wiskerke, J.S.C., B.B. Bock, M. Stuiiver, and H. Renting. 2003. *Environmental cooperatives as a new mode of rural governance*. NJAS 51-1/2. <http://library.wur.nl/ojs/index.php/njas/article/view/374>

QUESTIONNAIRE

A. General Information

1. Name

2. Address:Ward/ village.

3. Age.....

4. Sex.....

5. Member of cooperative a) Yes.....b) No

If yes from which year:.....

6. Education of Farmer:

7. Detail of house hold:

Particular	0-14	14-59	60-
Male			
Female			
Total			

8. Level of Education of the Household:

Sex	Illiterate	Literate	Primary to class ten	SLC	IA	BA	MA
Male							
Female							

9. Land of Farmer and the production

Land Type	Ropani	Self Cultivate	Rented out	Rented In
Bari (Upland)				
Khet (Lowland)				
Forest/ Grazing land				

10. Food Availability of the farmer by their own product:

Up to 3 months	3 -6 months	6-12 months	For Selling

11. Major crops of the farmer:

.....

12. Detail list of animal:

Animal	Number		
	Local	Improved	Total
Buffalo			
Cow			
Goat			
Ox			
Pig			
Other			

13. Please provide the following information about Milk Production of dairy cow and dairy buffalo (In Liter).

Animal		Annual Production(Liter)			Utilization of Milk		
	Number	Local	Improved	Total Liter	Domestic Consumption (Liter)	Processed	Sale(Liter)
Buffalo							
Cow							

14. Income(Annual):

Income from	Annual Income
Selling Milk	
Selling other dairy product like ghee and other	

15. Income from non dairy animal (annually):

Animals	Income
Buffalo calf	
Cow Calf	
Male Buffalo	
Ox	
Goat	
Pig	
Others	
Total	

16. Where do you sell milk and why?

- I) To Dairy Cooperative II) To direct consumer III) To near market

17. How much price do you get per liter?.....

18. How many month in a year do you sale milk regularly?.....

19. Source of income apart from Milk selling:

S.No.	Member Engaged (Male/Female)	Annual Income
Service Employee(Government)		
Service Private		
Business		
Labor wages		
Livestock(Non Dairy Product)		
Other		

20. Which of the following work you prefer most? Why?

- A) Food Crops
- B) Dairy Farming
- C) Labor
- D) Services
- E) Livestock and other agricultural production
- F) Other

21. How do you utilize the income earned from dairy farming?

- A) Domestic Expenses
- B) Education
- C) To purchase property
- D) Other

22. Is there any veterinary services provide by cooperative? How much you expenses for per year for the veterinary?.....

.....

23. Have you taken any loan from the cooperative? If yes what purpose?

- 1) For dairy animal purchase
- 2) Domestic Purpose
- 2) Education ceremony
- 3) Marriage and other
- 4) Business
- 5)To purchase Property

24. What is your loan source before?

- 1) Dairy cooperative
- 2) Relatives/ Friends
- 3) Bank
- 4) Local money leader
- 5) Other If any

25. How much you pay interest rate for the cooperative?.....

26. Are you satisfied with the dairy interest rate? If No Give your comment.

.....

27. Means of Measuring Living Standard:

- A) Luxury goods: i) Radio ii) Television iii) Vehicle
iv) Refrigerator v) Others
- B) Drinking Water: i) local source ii) Piped water own iii) river
iv)Piped water public (Time takes to go the water resource(In Minute).....)
- C) Toilet: i) No toilet ii) local toilet iii) Hygienic toilet iv)others
- D) Fuel consumption: i) Fire wood ii) firewood + Electricity iii)
Biogas iv) LP Gas v) Other
- E) Schooling: i) Government school ii) Boarding school

28. Is dairy cooperatives support following topic of the societal development?

S.No	Support by Dairy cooperative
Drinking water	
School	
Scholarship for student	
Road/ GoretoBato	
Health	
Other	

29. Is dairy cooperatives providing any training regarding livestock farming and other if so mentioned?

.....

30. What is the problem of diary farming?

.....

31. What do you suggest for improvement?

.....