

Role of Co-operative in Income Generating Activities:

**A Case Study on Suryabinayak Multipurpose Agricultural
Cooperative Limited Shantipur VDC of Ilam District**

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By

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Declaration

I hereby declare that the thesis entitled “**RoleOfCooperative In Income Generating Activities:** A Case Study on Suryabinayak Multipurpose Agricultural Cooperative Limited Shantipur VDC, IlamDisrict" submitted to Department of Rural Development, MahendraRatna Multiple Campus Ilam, Tribhuvan University is entirely my original work prepared under the guidance and supervision of my supervisor. I have made due acknowledgements to all ideas and information borrowed from different sources in the course of preparing this thesis. The results of this thesis have not been presented or submitted anywhere else for the award of any degree or for any other purposes. I assure that no part of the content of this thesis has been published in any form before.

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LETTER OF RECOMMENDATION

The thesis entitled "**ROLE OF COOPERATIVE IN INCOME GENERATING ACTIVITIES: A Case Study on Suryabinayak multipurpose Agricultural Cooperative Limited Shantipur VDC, Ilam District**" has been prepared by **Mr. KUMAR ACHARYA** under my guidance and supervision. I hereby forward this thesis to the evaluation committee for final evaluation and approval.

.....
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Thesis supervisor
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16 Sep, 2016

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Abstract

The study entitled "role of Cooperative in IGAs on case study of Suryabinayak Multipurpose Agricultural Cooperative Limited Shantipur, VDC, Ilam District" has been prepared on the rural areas co-operative on the basis of rural women assess of IGAs activities. The specific objective of this study is to identify the contributions of cooperative in local employment generation, to assess the role of micro credit in IGAs in study area.

This study is carried out on the basis of descriptive research design. The present study was based on both the primary as well as secondary data. Out of the 149 shareholders, 30 households were taken as sample by using simple random sampling method, giving 35 questions of open and close types. Those who were unable to express their answers, some guidelines and facilitate techniques were used in group.

Among them 40 percentage members were Brahmin/Chhetri followed by 50 percentage Janjati and then 10 percentage Dalits out of total 30 sample households. In the cooperative all members were female. This data is consistent with the observation that a SMACLS with solely people member tends to have a strong people's empowerment agenda. Out of the total sampled household population 76.67 percent were engaged in agriculture and farming, 13.33 percent were engaged in entrepreneurship and only about 10 percent were found to be engaged in Business. Mostly people are directly or indirectly involved in agricultural activities.

The government programs and/or I/NGOs should continue to promote the poverty focused cooperative's model to improve access of financial services to the poor in rural area SMACLS should diversify its financial products as per the needs of its members for which it should conduct market research. It should raise the required capital internally or by accessing funds from external leading agencies. SMACLS should address the problems by developing strategies that would motivate poor people to join it. The follow of credit facilities needs to be reviewed and should be provided as per priority basis at the rate of low interest. Educational awareness programs should be more focused. properly utilizes the loan. Increase woman participation in cooperative. increase the income generating activities for the members. Regularly and timely to develop saving and credit.

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ABBREVIATION / ACRONYMS

ADB	:	Agriculture Development Bank
ADBN	:	Agriculture Development Bank of Nepal
BoD	:	Board of Directors
CBO ^s	:	Community Based Organizations
CEDA	:	Centre for Economic Development and Administration
CBS	:	Central Bureau of Statistics
CMF	:	Centre for Micro-Finance
DOC	:	Department of Co-operative
FGD	:	Focus Group Discussion
GO	:	Government Organization
IGAs	:	Income Generating Activities
ICA	:	International Co-operatives Alliance
INGOs	:	International Non-governmental Organizations
IYC	:	International Year of Cooperative
LDF	:	Local Development Fund
MDG	:	Millennium Development Goals
MOF	:	Ministry of Finance
NPC	:	National Planning Commission
NLSS	:	Nepal Living Standard Survey
NGOs	:	Non-governmental Organizations
NPC	:	National Planning Commission
NCF	:	National Cooperatives Federation
NEDAC	:	Network for Development of Agriculture Cooperative
NCDF	:	National Cooperatives Development Found
PCRW	:	Production Credit for Rural Women
RMDC	:	Rural Microfinance Development Center
SBB	:	SwabalambanBikash Bank
SCC	:	Savings and Credit Cooperative
SMACLS	:	Surbinayak Multipurpose Agricultural Cooperative Limited, Shantipur
VDC	:	Village Development Committee
VDP	:	Village Development Plan

CHAPTER - I

INTRODUCTION

1.1 Background of the Study

The word Co-operation is derived from the Latin word 'co-operari' which means to work together with another or others. To be brief, the term co-operative in its special sense, may be described as a special form of doing business, not in the traditional profit economy sense but in the sense that in such a business, persons with common needs associate together to pursue their common interests or achieve their common objects through self-help and mutual help. Association of persons is the very basis of cooperation provided that the association works for the mutual benefits of those forming the association, which are controlled by the associates themselves. However, the persons desirous to join co-operative must have a common objective and urge to fulfill it they must be prepared to work selflessly on the principle of "each for all and one for each" and "self help mutual help" (Bista and Bhandari,2013).

Cooperative organizations are democratic organizations, which are owned managed and controlled by the members. A cooperative enterprise gets its distinct identity through its governing principle known as cooperative principles which have been evolved out of practical experiences of the founders of the modern concept of cooperation. Applicable universally and irrespective of socio-political dissimilarities among the countries these principles are both means and end in themselves. They are the means of establishing an ideal cooperative working system and an end in the sense that each cooperative should aspire to the basic principles of Cooperative given below (bista and bhandari,2013).

- Voluntary and Open Membership
- Democratic Member Control
- Member Economic Participation
- Autonomy and Independence
- Education, Training and Information
- Co-operation among Co-operatives
- Concern to Community.

Nepal has a long standing history of informal community based cooperatives. Traditionally, these groups were based on Kinship, ethnic and religious bonds. Some of the major traditional informal cooperatives are as follows: Parma related to agriculture sector is a free labor exchange among the rural households of particular localities and thus wage savings. Gumba is related to cultural protection in Buddhism. Dharmabhakari literally means a religion strong of grains that is often used to protect social welfare activities and in the time of natural calamities, Guthi is an institution of immovable property set aside for religious purpose in the care of some persons without having any kind of alienable rights. Primarily, the Guthi came into existence as a step to provide endowments for upkeep of the temple and domestic observance and rites. In course of time, Guthi developed as an institution which tended to keep social groups and their individual members safe from process of disintegration by providing adequate economic sections against the same. In its original form, Guthis are communal temple and land tenure association, common among the ethnic Newars of Kathmandu valley (Acharya,2070).

Ilam District is one of Nepal's richest districts in terms of its geographic, biologic and cultural diversity, its natural landscape and flourishing professionalism in agriculture, particularly in cash crops. It is also nationally acclaimed for the production of tea. Ilam is widely recognized for five additional major cash crops ,i.e., potato, cardamom, ginger ,milk and broom grass. Ilam District is also rich in its unique social and cultural heritages. People live in peace and harmony irrespective of caste, creed, religion, or culture. A wide range of ethnically diverse groups- each with its own unique customs, traditions and cultures - resides here. These groups include Lepchas (the earliest ethnic group setting in Ilam) and others such as Limbu, Brahmin, Kchetri, Rai, Gurung, Newar, Tamang and many more. Ilam District has a population of 295,824 (Population Census 2011).

Shantipur VDC is the study area of this research which is one of the hilly VDCs in Ilam District. Administratively, Ilam is divided into 43 VDCs and three municipality. Out of these 43 VDCs Shantipur is one. Geographically, Shantipur VDC is bounded by Laxmipur and Suryodaya municipality on the north, Khudunabari and Budhabare VDC on the south and Kolbung VDC on the east and Laxmipur VDC on the west. The north area lies in the Siwalik Zone, immediately south from the boundary with the Lesser Himalaya. The predominant rock types are sandstone, siltstone and

mudstone. The area is mostly covered with forest and cultivated land and tea gardens in the surrounding. The weathered depth of Siwalik rock provides necessary environment for forest and plants. It is 36 km far to reach Shantipur VDC from the district headquarter. Being a hilly area, land is not much fertile but the area adjacent the stream side is rich in production and rain 500-1000 cm annual, This VDC is the residential area of various ethnic groups such as Bramhin, Chetri, Limbu, Rai, Magar, Tamang, Lepcha, Gurung, Khawas and Dalit. Spoken Dialects like Tamang, Rai and Limbu, Nepali language is common. Most families in the VDC area are farmers, growing crops and rearing mostly pigs, goats, chickens, cows and buffaloes. Some people specially living in Shantipur work as unskilled and semi skilled workers in the local around the VDC area. Large numbers of young people from the VDC area go to the overseas, especially Malaysia and Arab nations searching for employment opportunities. Settlements in the VDC area are mostly clustered The major castes groups are Brahmin/Chhetri Newar, Rai, Tamang, Lepcha, Limbu, Kami, Damai, Sarki etc. They are mostly small farmers. Agriculture is the major occupation. Paddy, wheats are the principal cereal crops, whereas potatoes, onion, dalhan, telhan crops milk production through livestock are other sources of income of the people of this VDC .Mostly cash crops are produce in this VDC ;Ginger, Cardamom, Tea leaves, broom grass (Amriso), Chilli Akabare Banana etc. most common agro-products which are widely collected in the area and supplied to Birtamod Bazzar. Kerosene, rice, sugar, soap, cloth, medicine, stationary goods, iron products, fast food (Chow-chow / biscuits), spices are the major commodities being imported into the villages of the area from Shanisare and Birtamod.

Suryabinayak Multipurpose Agricultural Cooperative Limited Shantipur, Ilam is located in Shantipur ward no 6 of Ilam District and eastern part of Nepal. It lies about 10 kilometers south from Mechi Highway of suryodaya municipality Tinghare segment. One has to reach the working areas of this cooperative for about an 1.5 hours walking from the highway. The population of this VDC is about 2.5 thousands. Among them the female population has been higher than the men. The major castes groups are Brahmin/Chhetri Newar, Rai, Tamang, Lepcha, Limbu, Kami, Damai, Sarki etc. They are mostly small farmers. Agriculture is the major occupation. Paddy, wheats are the principal cereal crops, whereas potatoes, onion, dalhan, telhan crops milk production through livestock are other sources of income of the people of this

VDC .Mostly cash crops are produce in this VDC ;Ginger,Cardamom,Tea leaves,Broom,Chilli Akabare etc.

The present study is focused on the role of Cooperative in IGAs on case study of Suryabinayak Multipurpose Agricultural Cooperative Limited Shantipur, Ilam. It is nearby the Tinghare to khudunabari road. The main objective of this organization is to enhance IGAs with rural area.

1.2 Statement of the Problem

Cooperative is the essential movement in Nepalese society and it is being a convenient tool to fight against the poverty, low income and unemployment. This movement suggests that " Millions Minds have Millions Ideas of Solutions to a single Problem and Each One and Teach One". Though, Cooperative movement was started since 1953 in democratic Nepal and still continuing, it couldn't touch the fringe of population and almost, remained only to a fuel well established points in the country (Gautam,2068).

As the micro credit project for women has been implemented successfully in Nepal. All the components of projects have been made the excellent progress expect. Rehabilitation of Training centre under the local development training academy which has been concealed by the bank following the request from the government, the efforts made to implement MCPW is not only an initiative from which new modals of micro-credit delivery will stem but also a unique opportunity to test new model of cooperation between the government and NGOs, it has been observed that more and numbers of beneficiaries are involved in the project activities every year within the project areas and considering the performance and impact of ongoing project activates, there is a strong need to approve the second phase of the project. However the experience and lessons learn during the first phase need to be considered while developing the implementation mechanism for second phase.

PCRW extended as credit facilities especially to rural women supposed to be an initial boost for them involve in income generating activities and subsequently achieve sustained self reliance has not been significant in its overall performances. Yet it is considered as a major breakthrough in the status of poor rural women (WDD, 1994).

More than half of the total population of Nepal is women. Without their contribution national development cannot be uplifted. The contribution of the women in

households and agriculture is more than men. But their contribution is not accounted in the economy. Their participation in decision making is very low. Women's role in socio-economic development has not been properly recognized. In our country, women are as the traditional produces and manager of the domestic and subsistence sector.

Nowadays, the issue of women empowerment is being like the bread and butter for some institutions. Different strategies have been taken for past few years regarding the empowerment of poor including the women but programme and strategies assessment of such institutional initiatives have been lacked. Women risks were dealt with differently depending on a person's age, marital status, income level, and geographic location (i.e. proximity to medical facilities). In past, women were borrowing money from the village lender, selling assets or borrowing from the cooperatives and informal savings groups. Ex ante, women are saving money as a means of risk preparation and investing in their homes, children's education as well as purchasing productive assets.

Above mentioned problem strike my mind and some others research questions has mentioned:

- What are the national and international movement of cooperative? is it related SMACLS?
- Are they help to develop the rural development? if yes, how do they help?
- Is cooperative helps to rural economy, reform of women in economic growth & empowerment?
- What is the role and condition of women in decision making level?
- How is the rate & ratio of interest?
- Is co-operative invest in appropriately?
- Are the investment of co-operatives' Scaffold the team work for economic growth?
- Is if supports the employment in local and rural level?
- Is if laid the IGAS activities?

Despite this, the majority of women are still left out of institutional microfinance

services. Such programmes have only limited impact in terms of increasing the outreach of co-operatives and microfinance to the women. Rural women living in mountains, hills and interior areas of the Terai have no access to institutional micro-finance services. More than 70 percent of the total poor families still depend upon informal sources to meet their credit need or have no access to any source of credit at all.

1.3 Objective of the Study

The general objective of this study is to find out the role of cooperative in Income Generating Activities. Where as, specific objectives of the study is as follows;

- To identify the contributions of cooperative in local employment generation.
- To assess the role of micro credit in IGAs in study area.

1.4 Rationale of the Study

Cooperatives are the most important aspect of the agricultural development as well as the Rural Development. So we can say that Cooperative can play the vital role for providing credit to the farmers. Nepal is a agricultural country and livestock farming is one of the component of agriculture.

This study is basically concerned with the role of Cooperatives in IGAs of Suryabinayak Multipurpose Agricultural Cooperative Limited Shantipur, Ilam. It covers ward of 3,5 and 6 of Santipur VDC. It is the primary study by which the researcher would like to conclude that cooperatives are the combater for Nepal's underdevelopment. That is why, this problem is selected.

1.5 Limitations of the Study

This present study was based on and limited to the members of Cooperative organization of Suryabinayak Multipurpose Agricultural Cooperative Limited Shantipur, Ilam. Furthermore, this study has the following limitations :

- The area of this study was the 3,5 and 6 wards of Shantipur VDC.
- It focused only the role of micro credit in IGAs rural area ,contribution of cooperative in rural women .
- It was based on the limited social science research tools and techniques.

1.6 Organization of the Study

This study is organized with five chapters. The first chapter is concerned with introduction of the study dealing with the statement to the problem, objectives, significance, limitation of the study, and operational definition of the co-operatives. The relevant literatures have been reviewed in second chapter for this study. The third chapter deals with the methodology used in this study. In the fourth chapter, an introduction to the study area is presented, deal with the social, economic, and demographic characteristics of sample population. Finally, the fifth chapter provide the main findings, summarizing the study as well as conclusion and recommendation. Some case studies are also illustrated in the appendix for comprehensive information about co-operatives.

CHAPTER - II

LITERATURE REVIEW

Literature review is one of any research work for this research work the literature review was done under two categories; the conceptual review of empirical study for this, different books, journals, articles, plans and policies, other published and unpublished documents related to the subject are reviewed.

The word Co-operation is derived from the Latin word 'co-operari' which means to work together with another or others. To be brief, the term co-operative in its special sense, may be described as a special form of doing business, not in the traditional profit economy sense but in the sense that in such a business, persons with common needs associate together to pursue their common interests or achieve their common objects through self-help and mutual help. Association of persons is the very basis of cooperation provided that the association works for the mutual benefits of those forming the association, which are controlled by the associates themselves. However, the persons desirous to join co-operative must have a common objective and urge to fulfill it they must be prepared to work selflessly on the principle of "each for all and one for each" and "self help mutual help"(Bista and Bhandari,2013).

Though the concept of co-operative seems to be a socialist approach, it has been emerged and practiced in capitalist country, United Kingdom (U.K) for the first time by the reformist Robert Owen, who himself was labour in different factories in his early life and had knowledge about the miserable condition of labours but fortunately he got married with the daughter of the proprietor of "New Len mark Mills", who had no other son and daughter and hence became the proprietor of that Mills. Robert owen then, reduced the work hours of the labour increased the wage, made provision of shelter for labour from which expenditure and production both increased. Further he made the plan to organize labours by which they could help each other and be self sustained. He again made a shelter for 900 members in the area of 30,000 acod land in Indiana state of America. This approach was also practiced in U.K. but because of the ignorance of co-operative by the members, his plan failed.

But the co-operative movements did not stop. The followers of Robert Owen, Dr. William king Rochdale pioneers inhanced the co-operative movements. In 1843, 28 labours, who had the experience of the co-operative effort in the past and were also

the followers of Owen got together in 'Chartist Hall' and pointed mainly the following weaknesses for their past efforts,

- ◆ The capital sunk due to the sell in credit
- ◆ Unnecessary competition took place due to selling in lower price than market
- ◆ The co-operatives did not foster because of the unbelief of the member.

Those 28 labours started by the commitment to overcome the weaknesses they pointed and established the "Rochdale equitable pioneers society" in accordance with friendly society acts in 24 October 1844 by sharing one pound each. By the active participation of the members the Rochdale Equitable pioneers society run soundly and by buying and selling the goods of daily necessities and earned much profit that was again used to establish co-operative schools and in other place. This successful story spread to other countries and established the history of co-operative in the world (<https://en.wikipedia.org>).

When we talk about savings, credits or microfinance, the credit goes out the Nobel Peace Prize winner Prof. Mohammed Yunus of Bangladesh. He was the first person who developed the concept and applied it successfully. An economist by profession, he established saving and credits bank in Bangladesh that come to be known as Grameen Bank. The Bank was established in the Jobra village of Bangladesh in 1976 as a result of action research project on Chittagong University. The project later became a pilot project and covered throughout an entire district. This was undertaken with the financial support of the Central Bank of Bangladesh. In 1983, an independent financial institution, Grameen Bank was established under a special law passed for its creation. It is owned by the poor borrowers of the bank who were mostly women. It worked exclusively with them. At present, 94% of the total equity of the bank is owned by the borrower of Grameen Bank and remaining 6 percent by the government of Bangladesh (<https://en.wikipedia.org>).

Saving services allow savers to store excess liquidity for future use and to obtain return with their investment. Credit services enable the use of anticipated income for current investment or consumptions. Overall cooperatives services can help low income women, reduce risk, improve management, increase empowerment, raise productivity, obtain higher returns on investments, increase their incomes and improve the quality of their lives and those of their dependent. Lack of saving and

capital make it difficult for many poor rural women to become self employed and to undertake productive employment generating activities. Providing credit seems to be a way of generating self employment opportunities for the poor women.

The centre for micro finance (CMF) in Nepal had commissioned a number of studies in the past for purposes of determining how best to use micro-finance as a mechanism to empower poor rural women. One of such studies investigated women's control over savings and loans (1999) while another examined the role of savings in women's empowerment (2000). The former study concluded women have control over savings than over loans. The study further pointed out various factors that mitigate women's control over loans. These factors are the women's civil status, their ethnicity, and the actual use of loan among others. This study proved that credit loan is not enough to bring about women's empowerment. The latter study concluded that "women do benefit from participation in mixed- sex SCCs but in a limited way presently, mixed-sex. SCCs are not vehicles for women's empowerment because their access and participation as members and in leadership is constrained by their marginal role in decision making and by barriers perpetuated by society as a whole and by local SCC Board. This study therefore supports the view that SCC run by women is the better institutional mechanism for women empowerment in Nepal (www.inafinepal.org.np/microfinance, 2011).

Generally, the above mentioned researcher are valuable in their contribution to the body of literature that sheds light on the relationship between micro- finance and women's livelihood, empowerment in the context of Nepal. Their contribution especially to MFIs in the country however, could be a step beyond accumulation of knowledge if it would lead to a resolve among MFIs to implement practical actions that aim at women's livelihood and empowerment (www.inafinepal.org.np/microfinance, 2011).

This study intended to identify some "Best Practices" of savings and credits cooperating (SCCs run by women), if any in providing non financial services to their members, which when linked to improved access to financial (particularly micro-finance) services, can have the most significant development impact on poor households in general and poor women in particular. The study aims to identify and analyze what these non financial services are, the factors that motivated SCCs run by women to provide these services, and whether such services met their women

members needs. The study will propose some practical action for SCCs run by women and promoting agencies to consider in enabling SCCs run by women in meeting financial and non- financial needs of their members (www.yourarticlelibrary.com/business).

Saving and credits cooperatives (SCCs) are financial intermediaries. Being financial intermediaries, their function is to provide savings and credits services (only two of several types of financial services) to its member-clients. However, in poor communities SCCs cannot avoid providing more than Just Financial Services to their member-clients due to mainly two factors: 1) expectation from their member-clients for non-financial services, and 2) their success in financial intermediation depends greatly on their ability “to create mechanisms to bridge the gaps created by poverty, illiteracy, gender and remoteness” .These mechanisms created to bridge the gaps caused by economic social, and cultural disadvantage may be the form of non-financial services which may come in the form of : social intermediation, enterprise development services or social services (Ledgerwood 2005).

Benett posed a system analysis in understanding the process of successful and sustainable financial intermediation. Within the systems framework, a SCC or any micro-finance institution should not be expected to provide all the services needed by its clients and/or members but rather “a number of different institution be involved, each responsible for providing one or more of the different services-needed for successful banking with the poor (Bennett,2011).

In short, successful and sustainable financial intermediation should involve several players or services providers. There are four categories of services that may be provided to micro-finance clients (Ledgerwood,2005)

- Financial intermediation, or the provision of financial products services such as savings, credits, insurance, credit cards and payment system;
- Social intermediation, or the process of building human and social capital required by sustainable financial intermediation for the poor;
- Enterprise development services or non-financial services that assist micro entrepreneurs; and
- Social services or non-financial services that focus on the well-being of the

poor.

The degree to which an MFI or the SCC in this particular study is willing to provide more than just financial services depend on whether it takes an “minimalist” or “integrated” approach. The minimalist approach involves providing financial intermediation only while the integrated approach involves providing financial and other services.

SCCs run by women in particular, are expected by their members to perform more than just a financial intermediation role as women's condition and disadvantaged position in society requires more than just an economic or financial response. SCCs run by women are almost automatically expected by promoters to perform a social development role as well, that is, to provide what Ledgerwood referred to as social services and enterprise development services.

V.L Menth has defined "co-operative is only one aspect ways by the thinkers , which promotes voluntary associations of individuals having common needs who combine towards the achievement of common economic end" .Calvert has defined co-operatives , "A form of organization wherein the person voluntarily associate together from a common economic need to lift themselves and others out of weakness into strength through business organization conducted fro the common benefit of all who join it " the international co operative alliance's meaning held at Manchester England in 1995 defined " A co-operative is an autonomous economic , social and cultural and aspirations through a jointly owned and democratically controlled enterprise." Its origin is the result of the socio economic exploitation of users and lords, mill owners etc, the weak people thought to be united to fight against this depression. They concluded that co- operative is the best way of getting rid off such exploitation. so the co-operative is a form of organization of the economically weak people wherein actual of certain goods and services voluntarily associate together as human beings on basis of equality for the promotion of their economic interest honesty. It is regarded as midway between capitalism and socialism(Acharya,2070).

Cooperative is a voluntary organization of persons with limited means to safeguard their needs and interest (Acharya,2010). Principally, Cooperative are established by such persons of ordinary means who have oneness of interest in solving their similar problems. The philosophy behind Cooperative movement is "all for each and each for

all, and self-help through mutual help". Such an organization registered under Cooperative act is called "Cooperative society". Its basic purpose is to help weaker section of the society. In Nepal Cooperative societies are registered under Cooperative act, 1992 (NCDB,2006). The World Bank quotes definition Cooperative is to be understood as an associations of persons based on a mutual contact (Social contract, by laws) which may be some how registered with the state and whose members have chosen the mutual goal of creating a enterprise with a democratic voting system. Sharing also in the financial responsibilities and risks involved in the process (Hussi, Murphy, Lindberg and Brennehan,1993).

Cooperative's origin is the result of the socio-economic exploitation of uses landlords. Mice owner etc. the weak people through to be united to fight against this depression. They conducted that the Cooperative is the best way of getting rid off such exploitation. So the Cooperative is a form of organization of the economically weak people where in actual users of certain goods and services voluntarily associate together as human beings on the basis of equality for the promotion of their economic interest honesty (Hussi, Murphy, Lindberg and Brennehan,1993).

Nepalese people have a long tradition in Cooperative having many form of labour sharing informal mutual aid groups and rotating savings and credit association in rural areas with different ethnic groups. Dhikuri, Parma, Dharma Bhakari and Guthi are some of the traditional forms of informal Cooperatives (Dahal & Shrestha,2007).

Cooperatives suffer from weak institutional capabilities for project implemental managerial aspects of implements are weak. Project managers lack of professionalism. Their appointment trends to be based on political considerations. So many potentialities are still in the Cooperatives. But we couldn't get benefits from the Cooperatives. So we can say that "what is not possible for the individual is possible for many people acting together". One of the main purposes of the cooperative is to generate income to the people to those who are poor. It provides the loans based on the activities of production. That is why, IGAs of Cooperatives are very important for equipping the country's economy. The population of micro credit for the poor as a part of overall development process of a country has spread worldwide. There is an almost a global consensus on the importance of the micro credit services for the poor. Most bilateral and multilateral donors are keen on funding the micro-credit projects of both governmental and non governmental organizations. With the popularity of micro-

credit having reached global proportion any policy changes regarding credit for the poor inevitably has an impact on any remote micro-credit institution in any developing countries (Wood and Iffath, 1997).

2.1 Historical Background of the Co-operatives

Cooperation, economic and otherwise, is a concept which has been around for most of history. People learned ages ago that by working together they can accomplish more than the sum of each individual's efforts. Early cultures recognized the advantage of collective strength and the potential of cooperation by hunting, living, worshipping, cooking and providing shelter together in groups. The history of human economic cooperation is perhaps older than the history of competition. Even before agriculture had become the basis of human economy, cooperation was a necessity.

The cooperative movement began in England, in the second half of the industrial revolution. With the loss of the common use of land, workers had nothing to sell but their labour. With no controls or right, labour was plenty and cheap. It was an age of child labour, exploitation and poverty. Those who failed to find a work in the new factories were forced to rely on meagre parish relief for the poor to starve. By the early 1800's, food prices were high and wages are being reduced. Much of the population suffered extreme poverty and deprivation. Further says that during the early part of the century, the early 1800's, Robert Owen, a Welshman who made his fortune in cotton, tried to establish cooperative communities. While experimenting in creating mini communities, Owen identified some of the profound underlying values of cooperation as a means of organizing economic activity. He is still seen as the intellectual founder of the cooperative ideals. In 1827, these ideas were taken-up by Dr. William King who started publishing a monthly periodical 'The Cooperator'. He urged the formation of small local cooperatives to tackle poverty and distress and improve the situation of working families. The modern cooperative movement dates to a group of twenty-eight textile workers who organized the Rochdale Society of Equitable Pioneers. In 1844, these weavers pooled 140 British pounds to open a small dry goods store stocked with oatmeal, sugar, butter and flour. Their effort was rooted in poverty and desperation. The previous year they had been fired and blacklisted by employers after an unsuccessful weavers' strike. International Labour Office (1964) states that the first cooperative was organized in 1844 in Rochdale, England, as a self-help consumer group of urban workers. Rochdale Pioneers incorporated several

important features of democratic organization previously tried by earlier cooperatives. Most importantly, they codified their features and rules into what is commonly known as the Rochdale Principles. These principles helped strengthen the organization and formed the basis of a growth-oriented movement (Peel, 2016).

2.2 Definition and Concept of Cooperative

In the world Co-operatives have been conceived as a device to bring together similar minded people of limited means, on a common platform to solve their financial needs. The “Cooperatives” is a concept wherein persons of humble origin voluntarily associate together on the basis of equality for the solution of their economic problems. The basic principle of cooperative movement is thrift and self-help through cooperation between the members keeping in view the needs of individual members as well as the solution of problems in a collective way. Cooperatives aim at bringing about more equitable institution of distribution and optimum utilization of the resources of human as well as financial resources. “One for all, all for one” is the basic principle of Co-operatives.

The International Labour Organization (ILO), defines a cooperative as "an association of persons, usually of limited means, who have voluntarily joined together, to achieve a common economic end through the formation of a democratically controlled business organization, making equitable contributions to the capital.

International Co-operative Alliance (ICA, 1980) has defined a co-operative as a legally incorporated group of people, generally of limited means, pursuing an economic purpose, in which membership is voluntary and control is democratic. Members make an approximately equal contribution to the capital required, and any profit is distributed among them in proportion to the business they have done with the co-operatives. Confederation of Cooperative Housing (CCH, 2002) defines cooperative 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. Cooperatives are based on the values of responsibility, democracy, equality, equity and solidarity.

Each country has its own particular context which influences the nature of cooperative, still the essential element of the bond in any type of co-operative is the

recognition of a common need, whether it to include the middle-man in agricultural marketing, to obtain a cheaper consumer's goods or to obtain access to cheaper and better housing. Lewin (1981) explained the Professor H. H. Munkner's, "cooperative principles and co operative law" which defines the characteristics of the co operatives as follows:

- A cooperative society is a group of persons with at least one economic interest in common
- The aim of group is to meet a common need by joint action based on mutual assistance
- The means to achieve this aim is to establish a common enterprise

The main objective of the enterprise is to perform services for the promotion of the economic situation of the members of the group. Co-operatives are built on principles of equity and fairness. Risk and benefits are shared equally by all members of the co-operative. Co-operatives are an excellent way to ensure that the poor are engaged in the economic development process, and support to co-operative development is an excellent way to ensure equitable private sector development. Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others. Cooperatives serve their members, and not the interests of speculative capital. By establishing limits on the return of investment and on share holdings, cooperatives discourage profit-seeking investments. Instead co-operatives encourage local control and investments by the people who use the business.

2.3 The Cooperative Principle Defined by ICA

The co-operative principles are guidelines by which co-operatives put their values into practice (<https://ica.coop.en/principle>):

- **Voluntary and Open Membership:** Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

- **Democratic Member Control:** Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.
- **Member Economic Participation:** Members contribute equitably to, and democratically control, the capital of their co-cooperative. At least part of that capital is usually the common property of the co-operative.
- **Autonomy and Independence:** Co-operatives are autonomous, self-help organizations controlled by their members. If they enter to agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.
- **Education, Training and Information:** Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public -particularly young people and opinion leaders - about the nature and benefits of co-operation.
- **Co-operation among Co-operatives:** Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.
- **Concern for Community:** Co-operatives work for the sustainable development of their communities through policies approved by their members.

2.4 Important Major Events of Cooperative Movement in Nepal

At the beginning the government emphasized on the concept of self-help in order to accelerate the development process at local level aimed to mobilize resources for socio-economic development of people through co-operative movement. Co-operative Department had provided authority and made directly involved in establishing, operation and regulating co-operative societies and unions. Nepal has a

long cultural tradition of informal community based co-operatives including savings and credit associations popularly known as dhikuti, and grain savings and labour savings systems known as parma and dharma bhakari. Similarly, Guthi provided a forum to work together for smoothly running different socio cultural practices. Many of these traditional systems of cooperation are still functioning in the rural areas of Nepal (Gautam, 2068).

The first Co-operative Act was enacted by the government in 1960, which was followed by the Agricultural Co-operative Act (Sajha Sahakari). In 1963, the capital of savings and credit cooperative societies was converted into a Cooperative Bank in 1963, and in 1968 it was also converted into the Agricultural Development Bank of Nepal (ADBN). After 5 years the ADBN returned management back to the government and in 1975 the Cooperative Act was amended again. Beginning in the 1980s a new generation of community based savings and credit groups began to emerge in Nepal. In 1985, the Cooperative Act was amended for the third time to give the Government more control. By this time the Savings and Credit movement had spread throughout the country and the need for an apex coordinating body was evident. In August 16, 1988, the Nepal Federation of Savings and Credit Cooperative Unions (NEFSCUN) was formed. After the restoration of democracy in 1990 the democratic government enacted the Co-operative Act 1992 and the Co-operative Regulations 1993. The new Cooperative has provided an opportunity to the Nepalese people to establish independent and autonomous co-operative societies by themselves, according to their capacity to fulfill their own needs. Cooperative Act permitted the establishment of a three tiered co-operative system, and provides a legal base both for the establishment of cooperative societies/unions/federations and application of co-operative values, norms and principles into practice. At present, the Department of Co-operatives is working under the Ministry of Agriculture and Co-operatives.

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Establishment of Department of Cooperatives (DOC) under the Ministry of Agriculture for Planning and Development 1953 A.D.

Realizing need of cooperatives for the resettlement programme initiated for the flood-stricken people through Multipurpose Development Plan of Government of Nepal 1954 A.D. and the promulgation of the Executive Order of Government of Nepal and recognition of cooperative society under it and Credit Cooperative Society for the first time, It was established in Chitwan District. Credit Cooperative Society for the first time, was established in Chitwan District 1956 A.D (www.slideshare.net/cooperative).

The district level staff of DOC under the administrative control of Rural Development Block carried out cooperative activities 1958 A.D. DOC was kept under the Ministry of Food, Agriculture and Forestry, Cooperative Society Act, 1959 A.D, came into effect 1959 A.D. Cooperative Society Rules, 1961 A.D, came into effect, The first amendment of Cooperative Society Act, 1959 A.D., Establishment of Cooperative Development Fund, Establishment of Sajha Society (Sajha Central Office) 1961 A.D (www.slideshare.net/cooperative).

Establishment of Cooperative Training Center, Establishment of Credit and Marketing Cooperative Union, Establishment of Credit and Marketing Cooperative Union, DOC was transferred to the Ministry of Panchayat 1962 A.D., Establishment of Cooperative Bank, Conversion of Rural Development Blocks into District Panchayat, Conversion of Rural Development Blocks into District Panchayat Cooperative section was kept under the District Panchayat 1963 A.D. Similarly, initiation of Agriculture Re-organization Programme, Initiation of Supervised Credit System, Initiation of Supervised Credit System, Transfer of Staff members in Cooperative activities to the Land Reforms programme, Publication of "Sahakarita" (Cooperation) 1964 A.D. DOC was kept under the Ministry of Land Reforms, Agriculture and Food 1966 A.D. Formation of Central Investigation Committee on cooperatives, Emphasis on 'Sajha Management' in the 7th point in the Back to the Village National Campaign, Conversion of Cooperative Bank into Agricultural Development Bank (ADB) 1967 A.D. Transfer of administrative and developmental works being carried out by DOC to the Department of Land Reforms 1968 A.D. DOC was kept under the control of the Ministry of Land Reform. Implementation of the Coordinated Agricultural Development Programme, Compulsory Saving for the

first time converted into shares in Bhaktapur, Return of Cooperative promotional and strengthening of activities undertaken by the Department of Land Reform to DOC , Introduction of guided cooperative programme emphasizing qualitative growth through reorganization and amalgamation 1969 A.D(www.slideshare.net/cooperative).

The second amendment of the Cooperative Society Act, 1959 A.D. Introduction of Cooperative Strengthening Programme. Establishment of Central Cooperative Strengthening Committee,d Establishment of District Cooperative Strengthening Committee. Transfer of management of Cooperatives to ADB.1970 A.D. The first amendment of Cooperative Societies Rules, 1961 A.D. 1971 A.D. Implementation of Cooperative Education Programme regularly 1973 A.D. A Integration of Population Education with Sajha, Implementation of Sajha Programme emphasizing Sajha in a wider scale , The second amendment of Cooperative Society Rules, 1961,d Compulsory Savings was converted into the share capital of Sajha Society 1976 A.D, Introduction of Sajha Society Administrative and Financial Regulation, 1977 A.D., a Transfer of Sajha Societies' Management handled by ADB to the managing committee of cooperative, Introduction of Sajha Society Financial and Administrative Regulation, 1978 A.D., More emphasis on the qualitative growth of Sajha Societies than on quantitative growth, Implementation of Small Farmer

Cooperatives, Introduction of Sajha Society Financial and Administrative Regulation, 1980 A.D., Special focus on co-operative system in the Constitution of Nepal. 1980 A.D. Enactment of Sajha Society Act, 1984 A.D., for making the cooperative development campaign effective 1984 A.D. Conversion of DOC into Sajha Development Department, Conversion of Cooperative Training Center into Sajha Development Training Center, Conversion of the Regional Cooperative Office into Regional Sajha Development Office, Conversion of the Cooperative Section into Sajha Development Section 1985 A.D (www.slideshare.net/cooperative).

Reception of the membership from the International Cooperative Alliance (ICA) , Initiative taken by NCF for observance of International Cooperative Day 1997 A.D. Nepal (NCF/N) was elected for the post of Vice-Chairman of the Agriculture Committee for ICA, Asia and the Pacific Region1998.a Nepal (NCF/N) was elected for the post of Chairman of the Agriculture Committee for ICA, Asia and the Pacific Region, Conversion of Ministry of Agriculture into the Ministry of Agriculture and Cooperatives, Establishment of the National Cooperative Award by NCF.d Formation

of the National Cooperative Development Advisory Working Team and submission of report. The first amendment in the Section 26 of the Cooperative Act, 1992 A.D.(2000 A.D.). A Announcement of observance of International Cooperative Day by the Government, Republication of "Sahakari Sandesh " weekly 2001 A.D. Cooperative Ministers' Conference hosted by Nepal organized by International Cooperative Alliance, Regional Office for Asia and the Pacific, New Delhi in collaboration with National Cooperative Federation of Nepal. The Ministry of Agriculture and Cooperatives has issued a circular, saying that there is no restriction for the eligibility of 'civil servant' as shareholder of cooperative although the Sec. 14 of the Anti-corruption Act refers to civil servant not eligible to become the shareholder of cooperatives. Nepal elected for the member of ICA ROAP Standing Committee 2002 A.D. Establishment of National Cooperative Bank Ltd, Seventh General Assembly of Network for Development of Agricultural Cooperatives' (NEDAC) was held in Nepal from 29th Oct. to 1st Nov.. In which Nepal was elected as Co-Chairman for two years.2003 A.D (www.slideshare.net/cooperative)..

National Cooperative Federation of Nepal established "National Cooperative Development Fund, NCDF, Nepal Government constituted a high level cooperative sector improvement consultative committee under convenorship of the Minister of Agriculture and Cooperatives submitted its report to the Government of Nepal. Ministry of Finance constituted to study the legal frame work and institutional development of the savings and credit cooperative society and National Cooperative Bank under the conveniorship of then Member of Ghanashaym Khatiwada submitted it's report to the Ministry of Finance, Government of Nepal announced the policy of Gaun Gaunma Sahakari Ghar Gharma Rojgari through it's budget of the current fiscal year 2061-62, 2004 A.D. Completion of Second National Women Cooperative Congress held at Kathmandu., Change of Name of MOAC. Change of name of CTC into Central Cooperative Training Centre, Change of name of District Cooperative Office into Division Cooperative Office, Establishment of Regional Level Cooperative Training Office combining with Division Cooperative Office in Kailali, Surkhet, Kaski and Chitawan. Grant of the sum Rs. 1. Million by Government of Nepal to NCF as a token for NCDF 2005 A.D.

Change of Agriculture Policy Unit into Agriculture and Cooperative Policy Unit in MOAC for coordination and establishing contact about cooperative policy-making.

Election of Nepal as Standing Committee Member of ICA/AP. Establishment of Central Coffee Producers Cooperative Union, Establishment of Central Fruits and Vegetables producers Cooperative Union. Election of Nepal as Vice-chairman of Housing Cooperative Foundation. Beginning of Cooperative Golden Jubilee 2006/7 throughout the country for full year 2006 A.D. Completion of Cooperative Golden Jubilee 2006/07 with four special cooperative publications. Recognition of cooperative as basic pillar of socio-economic development as equal footing those of private and government sector 2007 A.D. National conference on cooperative policy organized by NCF/N A.D 2008. Government of Nepal announced the policy "GAUN GAUNMA SAHAKARI, GHAR GAHRMA BHAKARI." 2009 A.D. Establishment of Central Sugarcane Cooperative Union. B Formation of Cooperative Cooperation Network. UN proclaimed 2012 A.D. International Year of Cooperatives. 2010 A.D. Establishment of Central Tea Cooperative Union, Completed the Regional and National Workshop on Cooperative Strategic Planning.

The high level task force constituted by the Government of Nepal under the chairmanship of National Planning Commission (NPC) Vice-chairman decided to submit the 32 points recommendation to the government of Nepal. The taskforce formed on the convenorship of the vice-president of National Planning Commission put forward the suggestions about legal, policy level and structural reformation of cooperative sector. Formation of Central Communication Cooperative Union, Nepal Health Central Cooperative Union, and Nepal Central Herbal Cooperative Union of Nepal government decided to observe International Cooperative Year, 2012 A.D., as announced by UN, formed of 51 members National Committee on Chairmanship of Minister of Agriculture and Cooperatives and latter as it was converted into Ministry of cooperatives and Poverty Alleviation, Central Implementation Committee on Chairmanship of Secretary of Cooperative Ministry, and 31 members District Committees on Chairmanship of District Development Committee Chairperson. National Committees rectified the annual programs to celebrate International Year of Cooperatives, 2012 A.D (www.slideshare.net/cooperative).

After the restoration of democracy in 1990 A.D (2046 B.S.), the democratic government enacted the Co-operative Act 1992 A.D (2048 B.S) and the Co-operative Regulations 1993 A.D (2049 B.S.) The new Cooperative Act has provided an opportunity to the Nepalese people to establish independent and autonomous co-

operative societies by themselves, according to their capacity to fulfill their own needs. The Co-operative Act 1992 A.D (2048 B.S) has firmly accepted the cooperative principles and provided a legal base both for the establishment of co-operative societies/unions/federations and application of co-operative values, norms and principles into practice. At present, the Department of Co-operatives is working under the Ministry of Agriculture and Co-operatives to enhance the local entrepreneurship as well as to develop local leadership through the promotion, regulation and development of Co-operatives for economic, social and cultural development of their members (Mahato,2012).

2.5 Benefits Obtained from Cooperative Movement in Nepal

Through farmer cooperatives, important agricultural developmental objectives such as enhancing agricultural production, adding value to agricultural produce, enhancing marketing of agricultural commodities, and developing technologies and practices related to agricultural production can be achieved. Farmers will derive income from multiple sources including production and marketing co-ops, value-added commodities, and trade. Trade profits will go directly to the farming communities rather than to a few intermediaries in the cities. The bargaining power of farmers will increase and they can get good market as well as good price for their products. Moreover, because of low market margin, consumers will get the products at lower price and hence efficient mobilization of product will be done. Due to the decentralized grassroots level of production, marketing, and processing of agro-commodities in the cooperative mode of nation building, farmers and the rural population will feel that villages and rural areas are as good as cities for living. This will help to stop rural to urban migration. Governmental subsidies and support systems will directly help rural communities and the rural infrastructural development. People will generate income through various sources including farmer cooperatives, employment at farmer cooperatives, and other agricultural production activities. Through the formation of farmer cooperatives across the nation, farmers, ethnic groups, women, rural youth, and the suppressed classes will feel that they are part of nation building and are sharing in the fruits of economic growth. It will bring them a sense of pride and dignity. Similarly, to cope with the natural misfortune like drought, flood, landslides etc and search alternatives for them, collective effort through cooperative is necessary in our context. The average landholding of a farmer

in Nepal is less than 1ha, by collective farming, mass production in commercial scale is possible for the commodity desired. The ultimate benefit is food security for the farmers and good income through agriculture (<https://bijeshmishra.com>,2013).

2.6 Types of Cooperatives in Nepal

In agriculture, farmers' cooperative is important and present in Nepal. Basically there are following types of farmers' cooperatives in Nepal.

Marketing Cooperatives: These include commodities or commodity groups such as cotton, dairy, fruit and vegetables, poultry, and livestock marketing cooperatives. Marketing cooperatives' primary objective is marketing the farm produce of its members. Most of the market volume of this cooperative comes from the farm produce of its members. As marketing is a very difficult task for farmers, establishing a marketing cooperative is very important for commercialized agricultural development and to maintain the farm profit (<https://bijeshmishra.com>,2013).

Farm Supply Cooperatives: Farm supply cooperatives are vital for the dependable supply of farm inputs such as farm machinery, equipment, fertilizers, housing materials, livestock feed, seed, and petroleum products. They may also handle items such as lawn equipment, food items, or necessary items for gardening. Farm supply cooperatives may be established at the local, regional, or the national level depending on the nature of farm supply needs. Cooperative endeavors such as feed mills, farm machinery, and fertilizer plants can be established at the regional or national level, whereas the farm supply depot can be established at the local level (<https://bijeshmishra.com>,2013).

Service Cooperatives: Service Cooperatives are set up for special services such as credit services, telephone/electric service, insurance services, irrigation services, grain banks, trucking, artificial insemination, cotton ginning, ginger drying, rice drying, etc. Service Cooperatives may also provide items such as chemicals, diesel, oil, gas, feed, seedlings, and seeds to its members. Soil testing, crop scouting, and land leveling are other services a service cooperative may provide to its members (<https://bijeshmishra.com>,2013).

Production Cooperatives: Farmer Cooperatives for agricultural production such as milk, fruits and vegetables, poultry, etc., fall into this category. In a true sense, it appears that the French Worker Cooperatives, which are based on the principle of

collective entrepreneurship, are the prime example of Production Cooperatives (Batile-Chedotel and Huntzinger, 2004).

Processing Cooperatives: Farmer cooperatives for processing agricultural commodities such as fruits, vegetables, flowers, etc., are important to minimize losses from perishable commodities and increase income from these commodities.

2.7 Present Status of Cooperative in Nepal

At present context, there are 3500000 shareholders of cooperative. There are 24000 primary cooperative, 15 central cooperative organizations and national cooperative bank in the country. At national level, more than 200000 people are engaged, out of which 80% are working on voluntary basis. Today we have Agriculture cooperative central committee, Bee cooperative central committee, Vegetable and fruits cooperative central committee, Sugar cooperative committee, Coffee cooperative central committee, Dairy cooperative central committee, Seed cooperative central committee, Medicinal plants central committee at national level. Including all, a total of 10 agriculture related cooperative central committees are present (<https://bijeshmishra.com>,2013).

Department of cooperatives under Ministry of Agriculture and cooperatives is responsible for regulating cooperatives. There are different division office and training centre across the country. The major focused activities are capacity building of cooperatives member in management and accounting and inspection of the cooperatives.

Cooperative movement is ongoing. Cooperative has largely flourished after 2048 BS when new cooperative act came into effect. It is now estimated that nearly 20 thousand cooperatives are registered and in operation. In the recent decade Cooperative boom brought some negative effect. Institutional arrangements are also getting mature. 19724 Cooperatives of different objectives have been registered till 2066 Chaitra (2010 march). The number of women cooperatives has also increased. Cooperative consists of 2138348 members of whom 41 percent members were women during 2009/10. Total member increased by 39% in recent year and reached 2969160 of whom 41.22 percent of members were women. Nearly 445373 member

entered saving and credit cooperatives, where as 61475 member withdraw their from agriculture cooperatives. In percentage change coffee member e\increased.

2.8 Problems in Cooperatives in Nepal

Although the benefits that could be obtained from cooperatives are numerous, yet the development of cooperatives is not satisfactory in Nepal. Government has declared cooperative as one of the three pillars of Nepalese economy and interim constitution has focused on same, but practically, implementation as per the declaration is weak and the speed of development need to be accelerated but yet it is not done. Even though governmental agencies, international institutions, Non-Governmental Organizations, and other stakeholders have put some effort into the cooperative movement in Nepal, the results are far from satisfactory. There is no remarkable progress in major cereal crops production. About 1760 dairy cooperative are established primarily but both liquid and powdered milk needs to be imported. The reasons behind the unsatisfactory development of cooperatives in Nepal could possibly be the following (<https://bijeshmishra.com>,2013);

- Most profitable cooperatives are urban-based, and except for finance, credit, and dairy cooperatives, the rural sector has not felt the presence of the cooperative movement in the country.
- Cooperative movements have to strive for the inclusion of women, dalits, poor people, and other oppressed classes of society. Lack of inclusion of every sector for the cooperative movement is a cause for its failure.
- Lack of clarity about mission, national vision and adequate monitoring on the part of government with respect to cooperative movement
- Lack of managerial skills and professionalism, sound planning and implementation
- Lack of working capital, appropriate research, extension and education about cooperative movement
- Lack of technological support and development
- Lack of creditability

2.9 Promotion of Cooperatives

To lend full support to the cooperative movement, governmental agencies must be able to provide full research support for farmer cooperatives on various issues including agriculture and food, plants and plant products, biotechnology, business, natural resources conservation, engineering, animals, processing, pest management, cropping systems, and economics. Building partnerships, strategic planning, record keeping, accountability, and policy dialogues are other areas where appropriate venues at the central, regional, and local levels for farmer cooperatives must be ensured. Initiatives should be taken for scientific land reform and land policies formulation. Land reform policies should be formulated considering the economies of scale, land productivity, land use types, and geography. Special attention should be given to Scientific land policies are critical for the overall agricultural development of the country. In Nepal, immediate the implementation of land reform policies. A farmer cooperative will not be successful without having land rights (<https://bijeshmishra.com>,2013).

Appropriate governmental policies and programs, rules and regulations, credit availability, insurance policies, and governmental support systems should be in place for a successful farmer cooperative movement.

2.10 Poverty Reduction

Basically there are two major concept of poverty. First, the one well adopted and defined by World Bank, Asian Development bank etc. These define poverty as a welfare deprivation. The other concept also described by Deb Johnson is a step forward which sees poverty as a domain of transferability. Poverty should be insight as an asset, access and transferability. For example a labor have labor force as his asset, if he had access to market and transfer his asset to command his required welfare then he no more remains poor. Poverty is relative concept and it is more than economical aspect. Perception and social aspect are also getting more and more vital to identify who are poor and not. Poverty follows a vicious circle that tends to generate more critical and severe poverty. As said "A poor is poor because he is poor" justify vicious circle of poverty (<https://bijeshmishra.com>,2013).

There is no concrete concept and definition of poverty and reduction in Nepal. Poverty has been identified as a persistent, deep-seated and complex phenomenon with no quick and easy solutions. (NPC, May, 2003). Poverty reduction refers to any

effort that attempts to put the poor out from the nexus of poverty. World Bank analyze majority of poor in rural development and in form of tenant and agriculture based household; Thus overview uplifting the rural farmer and labor as poverty reduction.(WB, 1975).Poverty reduction also means strengthening the domain of transferability. Identifying asset, creating access to the available asset and enhancing its transferability to command welfare are basic elements in poverty reduction. Poverty is a multidimensional concept. (Bhardwaj, 2009) Poverty reduction should necessarily incorporate resolving social, economical, cultural and psychological barriers (<https://bijeshmishra.com,2013>).

2.11 Cooperative Role in Poverty Reduction

Basically poor have weakly transferable asset, either in absence of their access or lack of recognition of the asset they have. Poor lack welfare. Relative concept of poverty focuses on the lag of welfare between people, household or other such aspect. Co-operative contributes to poverty reduction in number of ways. These major sectors of co-operative which contribute for poverty reductions are (<https://bijeshmishra.com,2013>).

a. Asset enhancement: Asset of the rural poor and urban poor are different. Cooperative enables local asset of poor family to quantitative and qualitative outfit. Rural area lack both production management and capital for enterprise. Urban areas have diversified enterprises and ideas. They lack capital and distribution channels. Cooperative manages all this differential needs in urban and rural areas and help enhancing the asset.

b. Increase access: Access to capital, market and quality goods are greatest concern these days. Cooperatives are institutional arrangement for generating access to these aspects. They help creating volume of vegetables and milk in rural areas and support distribution of quality goods in urban areas. They give access to capital through daily saving and investments.

c. Strengthening domain of transferability: Domain of transferability refers to transferring out the asset to command the welfare needed. Cooperative enhances

the output and quality of asset and then provides market. The credible and quality products are easily sold in the market. Being a member based and community based business, its social capital and faith generates the transforming of the product to benefits. The equitable distribution of the benefit and equality on business rights also supports the decision making so that the desired aspects of the producer or service generator are reflected.

d. Welfare commanding: The benefits in the form of service, cash or access are converted to welfare generation.

The income, social status and capacity of the household have increased. This increases their ability to grasp the opportunities available locally. This brings the households of the community into progressive cycle of prosperity.

Cooperative can indefinitely support PR in many ways. But optimization of the contribution and value adding the ideas is more important. Abrisham Aref identifies people's negative perception on cooperative role in poverty reduction. It was found that weak capacity, lack of resources and participation were major factor for negative ideas of rural people. (Aref, 2011)

Community based Approaches: Help, promote and induce cooperative as a member centered community based enterprise. The community development can be induced through two aspects. First, it generates localization, imports opportunities and incomes in the community. Second, it helps in equitable distribution and helps uplifting consumption and investment potentiality

Economic Approaches: Cooperative is mixed economic approaches thus is identified as an appropriate idea for national economic upbringing. Community based business are neither private nor the public. Community is foundation to the development.

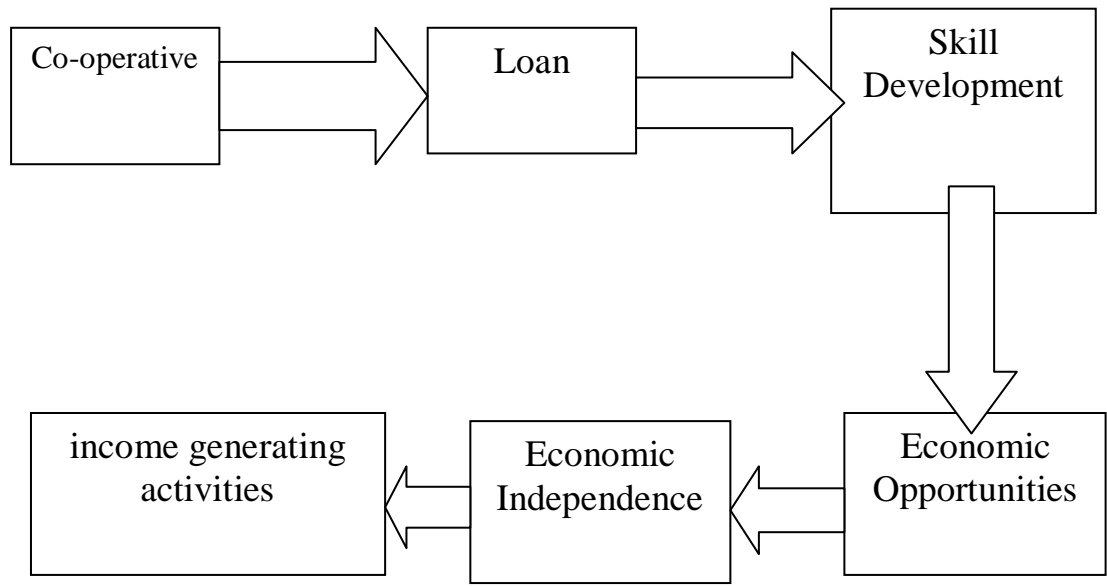
Institutional Approaches: Developing cooperative as a good governing institution based on community business will potentially contribute community to aggregate the local strength for fighting poverty and defending the threats. Cooperative is such an institutional arrangement which generates equal representative right discarding share

holding. Benefits are shared equitably based on both on ownership and transaction. It is also a unified mechanism of generating self reliant economy.

2.12 Conceptual Framework

The conceptual framework of this study is based on the above literature review with established relationship of women with MFIs and the economic opportunities, income generating activates provided by the MFIs in the empowerment of women. The conceptual framework of this study is explained in the figure as follows.

Figure no.2.1: Conceptual Framework



CHAPTER - III

RESEARCH METHODOLOGY

Methodology is the main organ of the research. It is a way of study without methodological study, research mayn't complete. So methodology is necessary for the study to present in better way for the study. This chapter describes the sources of data. Population of the study; sampling procedure and data collection procedure and analysis techniques in detail of each subsections.

3.1 Research Design

This study carried out on the basis of descriptive research design. Moreover, the study has identified the contribution of Cooperatives in local employment generation and to assess the role of microcredit in IGAS in rural area. The purpose of descriptive research design is to analysis the real statistics by using scientific systems and instruments (pandit and parajuli, 2064).

To verify descriptive research design, some steps are essential as:

- Formulation of objectives of the study.
- Selection of the techniques of data collection.
- Selection of samples.
- Collection and scruting of data.
- Analysis of the results.
- Report writing.

3.2 Rational of the Selection of the Study Area

Shantipur is situated in south eastern part of Ilam district. Based on the nature of the study, Shantipur VDC is selected for the study where most of Brahmin/Chhetri Janajaties, and Dalits people. I have choose this location because of my house in Ilam and all process of data collection is normal and easy for me. Suryabinayak Multipurpose Agriculture Cooperative Ltd, Santipur , Ilam is selected for this study due to the following reasons :

- No such study has been done so far in the area.

- Mobilize within the available limited resources.
- It is multi-dimensional Cooperative.
- The study area is rural.
- The involvements of members are female.
- The few members of study area is marginalized group.

The economic status of women of this rural area and the positive role and contribution of Cooperatives, to assess the role of microcredit in IGAS in rural area is the rational of the selection of this study.

3.3 Universe and Sampling Procedure

The universe for the study is 149 selected in the study area (Shareholders of SMACLS) whose minimum five thousands share capital. The sample, as the name implies is a smaller representation of a large whole (pandit and parajuli, 2064). The sampling procedures of this research study was random. For the purpose of any study, selection of all units have opportunity to participate equally without bias is in universe is generally called simple random sampling. Some procedures can apply for this approach, the lottery method has applied for this study. Out of the 149 shareholders, 20% (30 households) were taken as sample by using simple random sampling method.

3.4 Nature and Sources of Data

The present study is based on both the primary as well as secondary data. Primary data is obtained from field survey using questionnaire, unstructured interview. Further publications and reports of Cooperative department, publications of Cooperative training center, related journals and publication, Master's Degree dissertations are also widely used for this study as the secondary source of the data.

3.5 Data Collection Techniques and Tools

Different methods of data collection are applied depending on the context and use of procedure. To generate the primary data, the structured questionnaire, semi or unstructured interview; and observation as well as check list methods under applied.

3.6 Household Survey

Structured questionnaire were prepared to generate the realistic accurate data from survey of the Cooperatives member. The researcher was requested to fill up the questionnaire to the respondents. If they can not fulfill the answer, the researcher was asked them and fill himself.

To meet the objectives of research. The primary data such as. unstructured interview and observation were applied. The answers from questionnaire were unclear and insufficient in some cases, unstructured interview from 30 respondents.

In the observation, tools ware used as: the solar energy at home, biogas plant, L.P. Gas, the coloring and structure of houses, clothing style, grooming, sanitation, electrical/electronic equipments are observed in 30 respondents of cooperative and their 30 neighboring houses and compared it.

3.7 Data Analysis

After collection of primary raw data tabulation has worked out, further supplemented by computer software. The computer software is applied to the processing, classification, tabulation and analysis of data and information . The quantitative data were analyzed in tabulated form and qualitative is analyzed in descriptive method.

CHAPTER- IV

DATA PRESENTATION AND ANALYSIS

This study is carry out in a Shantipur VDC of Ilam District but at first brief introduction of Ilam district and then a little bit details of study area of the Shantipur is given.

4.1. Introduction of Ilam District

Ilam District is known as " Queen of the Hills, is one of three mountain districts of Mechi Zone, located in Eastern Development Region of Nepal. It covers an area of 1703sq.km. Ilam is one of the four districts of Mechi zone . It covers that land of Mechi zone which is divided into Four parts by the Jogmai, Mai, Puwa and Deumai Rivers. Ilam district is bounded by West Bengal states of India in the east and Jhapa district of the south respectively, Panchthar district in the north and Morang district in the west. It lies between $87^{\circ} 40'$ to $88^{\circ} 10'$ east longitude and $26^{\circ} 40'$ to $27^{\circ} 80'$ north latitude. Ilam lies to the south of the Mahabharat range in the lap of Shinghalila Range with an elevation range from 140 M (Banjho VDC) to 3636 M asl (Sandakpur). It is famous for its natural scenery and landscape. It is sometimes called " Charkhola " (land of four rivers) because of the four tributaries of the Mai River system:, i.e., the Jogmai, Puwamai, Mai and Deumai Rivers. The climate of Ilam District as a whole is dry and cold in winter, while it is warm and rainy in summer. Most part of the district lies in the Hill and it comprises a narrow strip of alluvial Hill having very low altitude ranging from 600 to 3000 above the sea level.

Ilam District is one of Nepal's richest districts in terms of its geographic, biologic and cultural diversity, its natural landscape and flourishing professionalism in agriculture, particularly in cash crops. It is also nationally acclaimed for the production of tea. Ilam is widely recognized for five additional major cash crops ,i.e., potato, cardamom, ginger ,milk and broom grass. Ilam District is also rich in its unique social and cultural heritages. People live in peace and harmony irrespective of caste, creed, religion, or culture. A wide range of ethnically diverse groups- each with its own unique customs, traditions and cultures - resides here. These groups include Lepchas (the earliest ethnic group setting in Ilam) and others such as Limbu, Brahmin, Kchetri, Rai, Gurung, Newar, Tamang and many more. Ilam District has a population of 295,824 (Population Census 2011).

The district comprises a total of 1703sq. km. With a total of 66,458 households comprising 29824 people, of whom 144125 are male and 151699 female (CBS 2068) Ilam Municipality is the district headquarter. It is believed that the name 'Ilam' is derived from limbu language (spoken in Ilam by limbu ethnic group). It is made up two words 'I' means twisted and 'lam' means road, so Ilam means a twisted road. The beautiful of Ilam can hardly be exaggerated.

Ilam is pronoun of Biodiversity, Geo-diversity, linguistic diversity, Cultural diversity and sunrise. Ilam is famous for different 'As' (like aalu, olan,amlisho, akabera, alaiche, athathi satkar, arothodus tea, aaduwa), Native culture, unique natural resources, traditional customs, handicrafts, innocent smiling people, hills prefer the view of sunrise and sunset, panoramic mountain view of Kanchenjunga cardamom and ginger fields, green tea gardens, different sports of rhododendron, production of cheese and chhurpi, holley pilgrimage sites (like shriantu, chhintapu, Siddhithumka, siddhithunka etc.) are some of the remarkable characteristics of Ilam.

Wikipedia Dictionary introduced Ilam like this Ilam is a municipality and tea producing town in Nepal. It is in Ilam District which is in hilly Eastern Region of Nepal. It is famous for its natural sceneries and landscapes. Ilam is a today one of the most developed place in Nepal. Its product ILAM TEA is very famous and exported to many parts of Europe. The main source of income of this district is tea, cardamom, milk, ginger and potato (CBS, 2001).

4.2 General Description of Study Area

Shantipur VDC is the study area of this research which is one of the hilly VDCs in Ilam District. Administratively, Ilam is divided into 43 VDCs and three municipality. Out of these 43 VDCs Shantipur is one. Geographically, Shantipur VDC is bounded by Laxmipur and Suryodaya municipality on the north, Khudunabari and Budhabare VDC on the south and Kolbung VDC on the east and Laxmipur VDC on the west. The north area lies in the Siwalik Zone, immediately south from the boundary with the Lesser Himalaya. The predominant rock types are sandstone, siltstone and mudstone. The area is mostly covered with forest and cultivated land and tea gardens in the surrounding. The weathered depth of Siwalik rock provides necessary environment for forest and plants. It is 36 km far to reach Shantipur VDC from the

district headquarter. Being a hilly area, land is not much fertile but the area adjacent the stream side is rich in production and rain 500-1000 cm annual, This VDC is the residential area of various ethnic groups such as Bramhin, Chetri, Limbu, Rai, Magar, Tamang, Lepcha, Gurung, Khawas and Dalit. Spoken Dialects like Tamang, Rai and Limbu, Nepali language is common. Most families in the VDC area are farmers, growing crops and rearing mostly pigs, goats, chickens, cows and buffaloes. Some people specially living in Shantipur work as unskilled and semi skilled workers in the local around the VDC area. Large numbers of young people from the VDC area go to the overseas, especially Malaysia and Arab nations searching for employment opportunities. Settlements in the VDC area are mostly clustered The major castes groups are Brahmin/Chhetri Newar, Rai, Tamang, Lepcha, Limbu, Kami, Damai, Sarki etc. They are mostly small farmers. Agriculture is the major occupation. Paddy, wheats are the principal cereal crops, whereas potatoes, onion, dalhan, telhan crops milk production through livestock are other sources of income of the people of this VDC .Mostly cash crops are produce in this VDC ;Ginger, Cardamom, Tea leaves, broomgrass (Amriso), Chilli Akabare Banana etc. most common agro-products which are widely collected in the area and supplied to Birtamod Bazzar. Kerosene, rice, sugar, soap, cloth, medicine, stationary goods, iron products, fast food (Chow-chow / biscuits), spices are the major commodities being imported into the villages of the area from Shanisare and Birtamod.

4.2.1 Flora and Fauna

At present, no dense forest area is found in Shantipur VDC. However, that does not mean that the area does not have any flora. Previously, Shantipur had highly dense forests, but due to the new settlement program most of the forests were destroyed. The flora like Saal Salla, Utish, sal , chilaune, chestnut , walnut , pine cone etc. Chilune and Simal are found in this VDC which are very useful for timber and fire wood purposes. Herbal medicines ; timur, haro, baro, bojo, peepla, majito, kurilo, amala, Ginger etc. In absence of dense forests, many types of fauna are not found. The most common fauna of this VDC are deer, rabbit, pangolin, porcupine, squirrel, jackal, lynx etc. and jackal and birds like sparrow, crow, peacock, dove Kalij, Bulbul, cuckoo, babbler, robin , bee humming bird and many others.

4.2.2 Climate of Shantipur VDC

There is mild temperate climate on Juredanda peak in December last to January first week. The topography of Shantipur is diverse. It is located at the height of 336 meters to 1110 meters from the Sea level. It has maximum temperature 8 degree to 36 centigrade in June to August first week except the peak. So, Shantipur VDC has sub-tropical climate. The weather on that Peak in minimum 3 degree centigrade and maximum 15 degree centigrade in December last to January first week and except this average 25 degree to 30 degree centigrade. It has Monsoon Rainfall approximately 500 milliliter to 1000 milliliter.

Agriculture is the main occupation of Shantipur VDC where rice and maize as cereal and ginger, broom grass, cardamom and vegetable farming as cash crop are practiced. Animal husbandry like cow, buffalo for dairy products is well practiced.

This study is about the implication of the participatory development planning which is examined on the base study of the village development program has been run by Village Development Committee in association with Ministry Of Local Development supporting local self- governance program.

4.3 Introduction of the Suryabinayak Multipurpose Agricultural Cooperative Limited Shantipur(SMACLS)

Nepal is divided into five development regions and 75 districts. It has three major geographic regions, high mountains, foothills and lowland plains. Across these three regions, Nepal has roughly 30000 registered cooperative. To roughly represent, Nepal's diversity the Cooperative from the plains region. This enables us to note any significant income and risks faced by women. Furthermore, the cooperative chosen maintain a large population of women members with one being solely controlled by women.

Suryabinayak Multipurpose Agricultural Cooperative Limited Shantipur, Ilam is located in Shantipur ward no 6 of Ilam District and eastern part of Nepal. It lies about 10 kilometers south from Mechi Highway of Suryodaya municipality Tinghare segment. One has to reach the working areas of this cooperative for about an 1.5 hours walking from the highway. The population of this VDC is about 2.5 thousands. Among them the female population has been higher than the men. The major castes groups are Brahmin/Chhetri Newar, Rai, Tamang, Lepcha, Limbu, Kami, Damai, Sarki

etc. They are mostly small farmers. Agriculture is the major occupation. Paddy, wheats are the principal cereal crops, whereas potatoes, onion, dalhan, telhan crops milk pr

oduction through livestock are other sources of income of the people of this VDC .Mostly cash crops are produce in this VDC ;Ginger, Cardamom, Tea leaves, Broom, Chilli Akabare etc.

4.4 Organization Structure of SMACLS

SMACLS started in 2063/02/07 B.S. and registered. The major activities of the SMACLS are savings, credits, cooperative shop, agricultural and farming support ,social activities and various training. The general assembly elects a seven to eleven-member Body and a three member account supervisory committee for a three-to five-year term.

4.4.1 Formation of Board:

SMACLS has 9 members Board of Directors and 3 members Account Supervisory Committee . Top level committee of SMACLS is as follows.

Table No.4.1: Formation of Board.

S.No.	Name	Designation
1.	Radhika Lakandri	Chair Person
2.	Kamala Acharya	Secritary
3.	Krishna Kumari Gurung	Member
4.	Manamaya Rai	Member

5.	Toran Kumari Adhikari	Member
6.	Ambika Khulal	Member
7.	Khem Kumari Khulal	Member
8.	Chandrakala Timsina	Member
9.	Buddimaya Rai	Member
10	Uma Devi Dhakal	Member
11	Sharada Ghimire	Member

Source: SMACLS Report, 2071

Table No.4.2: Account Supervisory Committee

S.No.	Name	Designation
1.	Laxmi Nepali	Coordinator
2.	Indrakala Rai	Member
3.	Debika Dahal	Member

Source: SMACLS Report, 2071

4.5 Caste Structure of the Respondents

Table No.4.3: Caste Structure of the Respondents

Castes	No of Respondents	Percentage
Brahmin/Chhetri	12	40
Janajaties	15	50
Dalits	3	10
Total	30	100

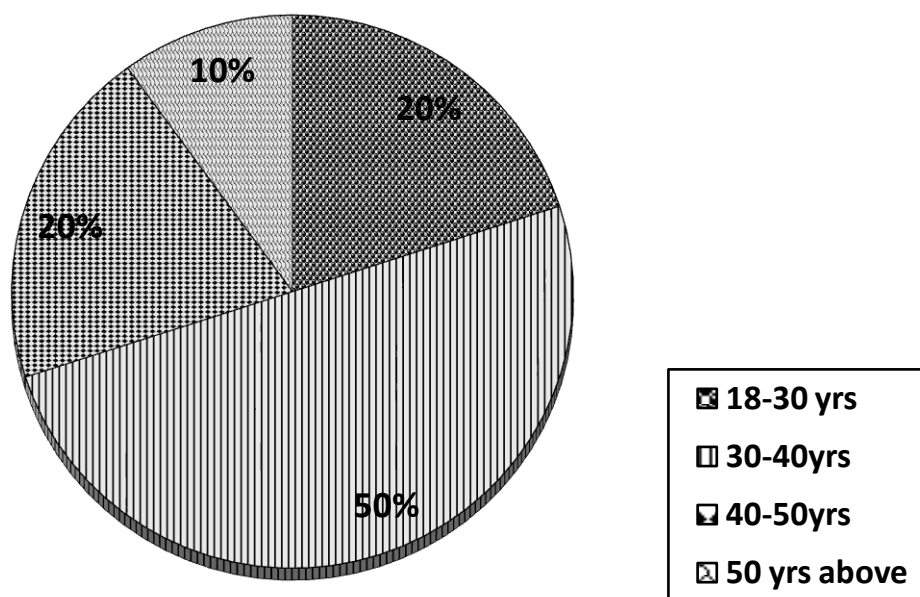
Source: Field Survey, 2015

This table shows that in the study area majority of members belongs to Janajati 50 percent, 40 percent are Brahmin/Chhetri, member comes from Dalit are 10 Percent from the co-operative.

4.5.1 Age Group of the Respondents

Age of the local residents are the crucial factor for the betterment/development of the any financial institutions. If the higher economically active age population (18 to 50 years) the speed of development ratio of that place will be also higher. In this Co-operative there are different types of age groups member are participating in directly or indirectly, some of them are from backward groups too.

Figure No. 4.1: Age Group of the Respondents

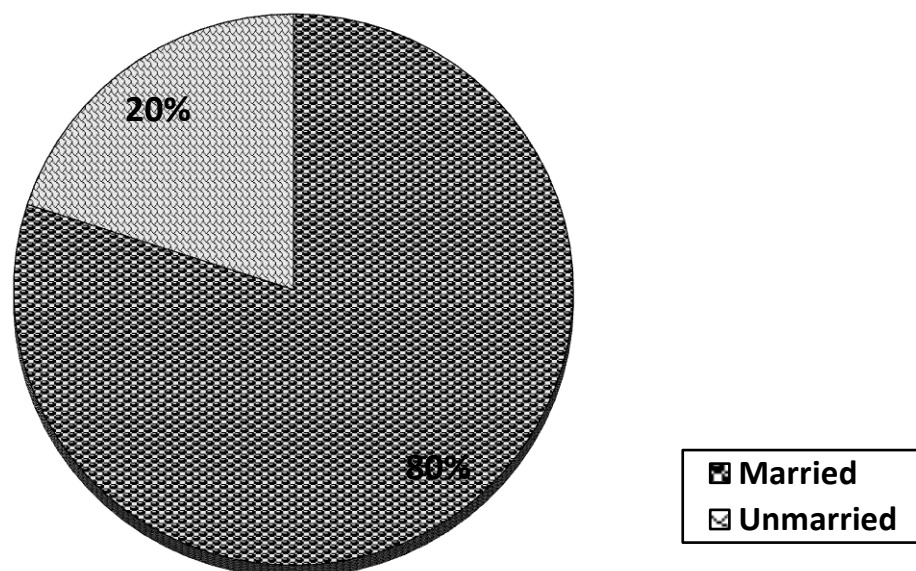


Source: Field Survey, 2015

In the above pie chart shows that 20 percent of respondents are 18-30years age group similarly 50 percent 30-40, 20 percent are age group of 40-50 and above 50year is 10 percent.

4.5.2 Marital Status of Respondents

Figure No. 4.2: Marital Status of Respondents



Source: Field Survey, 2015

In the above pie chart shows that more than 80 percent members surveyed in SMACLS are married. Only 20 percent are unmarried.

4.5.3 Educational Attainment of the Respondents

Education empowers the women; it increases women's status in community and leads to greater input into family and community decision-making. Having knowledge, income and decision-making power can place women on a more equal footing with their male counterparts. Education also provides people with the knowledge and skills to contribute to and benefit from development efforts, especially in area of health, nutrition, water and sanitation and the environments.

Table No.4.4: Distribution of Respondents by Educational Status

Level	Female Population	Percentage
Illiterate	3	10
Literate	18	60
Educated	9	30
Total	30	

Source: Field Survey, 2015

In the study researcher has defined literate having as the ability to read and write, illiterate as having no ability to read and write and educated as those who have passed class 10 and above

4.5.4 Family Type

The empowerment of rural women depends upon the family types. In the joint family, the women have less authority and responsibility due to male dominant society and it is very difficult to enhance skill because less opportunity has been provided to her for career development.

Figure No. 4.3: Distribution of Respondents by Family Type

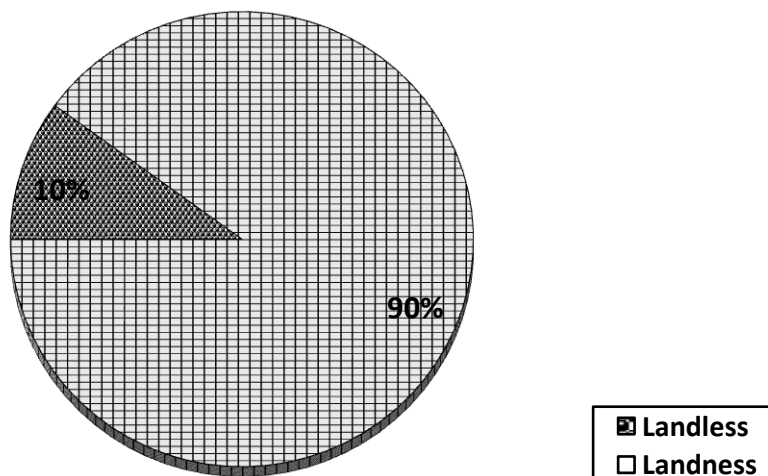
Source: Field Survey, 2015

The pie chart shows that Exactly 20 percent of the family in the study area has been found as joint family whereas 80 percent as nuclear family. The joint family is still dependent on traditional occupation. The distribution of sample household by family types is shown in pie chart diagram below. Above mentioned statistic have shown in pie chart below:

4.5.5 Size of Landholding

Land is the most important source of wealth of a nation. Land is one of the major factor of development. It is argued that landholding is considered as the major indicator for the identification of poor in Nepal. In the study area, researcher has found all most all respondent having less landholding as compared to average national size. The following table depicts the average landholding size of the study area.

Figure No. 4.4: Distribution of Respondents by Size of Landholding



Sources: Field Survey, 2015

According to the respondents those households who do not have land cannot maintain their daily life and fulfill the basic needs without other occupation and employment. Above mentioned statistic have shown in pie chart below:

4.6 Main Occupation of the Respondents after this Program

Occupation is the main factor that influence the peoples economic status also. Profession of the respondent shows the employment in various sectors for earning purpose. Most of the people of the study area depend on Agriculture and Farming primary activity. In our society there are different occupation have taken by the people of the society, some of them are listed in the table according to the survey taken in the study area in Co-operatives program.

Table No.4.5: Main Occupation of the Respondents after this Program

Occupation	Total	Percent
Agriculture	11	36.67
Farming	12	40
Entrepreneurship	4	13.33
Business	3	10
Total	30	100

Sources: Field Survey, 2015

In the above table shows, the sight changes in the occupation after the introduction in the surveyed area. The percentage of respondents after joining the in agriculture sector has increased. While the occupation of most of the respondents remains same but the way of the income generation has increased. This indicates that the establishment of co-operatives has played the vital role in increasing the income level of respondents. Due to lack of skill and vocational training most of the respondents are forced to engage on laborious works. Above mentioned statistic have shown in chart below:

Figure No. 4.5: Main Occupation of the Respondents after this Program

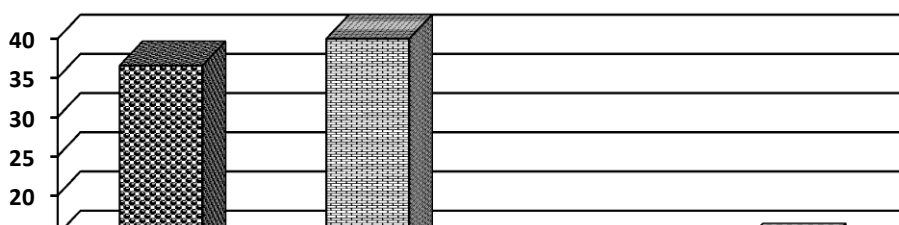


Figure no. 4.5 shows that clearly that majority of the respondents' main occupation in the study area has been found farming. According to respondents 73 percent of them have been involved in farming. After that the second majority of the respondents' main occupation in the study area has been found in wage labour sector..

4.7 Annual Household Income and Sources of Respondents

Usually, income in poor households is contributed by several of its members. Gauging a member's socio-economic status using income as a variable, the annual income from main occupation, her other sources of income and annual income from all other income earners of the household.

Per capita income of household and family income is an important economic variable. To extract economic characteristics, it is important. When the total family income is divided by the total number of family members, per capita family income is obtained. World development report stated that people struggling per capita income below per day US\$ 1.90 are poor. the exchange US\$ into NRs is unstable, it varies from 200 to 250 . So, average exchange rate NRs 228 has been used to calculate yearly per capita income in Nepalese currency, which becomes NRs85000. Those cooperative members, whose yearly per capita income is below NRs 85000, are grouped as poor.

Table No.4.6: Annual Household Income of Respondents

Income in NRs (000)	No. of Respondents	Percent
Less than 150	7	23.33
150-300	18	60
300- above	5	16.67
Total	30	100

Source: Field Survey, 2015

In the above table shows the annual income of the cooperatives members in SMACLS. According to the survey, out of 30 respondents, there are 23.33%

households who have less than NRs. 150000. At the same time 60% households who have 150 to 300 thousands annual income respectively. The annual income of 16.67% households have 300000 above.

4.8 Increase in Income After this Program

Survey findings indicated increases in the incomes of 100 percent of the sample of SMACLS's members since they joined their cooperative. SMACLS's various services provided an opportunity for its members to undertake different enterprises, including micro-enterprises. This helped the members to generate self-employment and increase their incomes, thereby contributing towards reducing their poverty to same extent.

The SMACLS's policy is to provide loans for productive purpose, such as cereal and cash crop production, micro-enterprises and agro-based trading activities.

Table No.4.7: Increase in Income by Respondents

Particulars	No. of Respondents	Percentage
Increases in income	28	93.33
Non- Increase	2	6.67
Total	30	100

Source: Field Survey, 2015

Table shows that increase in the incomes of members since they joined cooperative were higher than those of non-members households since the establishment of cooperatives. Non-members also noted increase in their incomes since the establishment of cooperatives. It was because of their involvement in various income generating activities after observing the involvement of cooperatives members in the income-generating activities and their gaining knowledge and skills from them. Therefore, increase in the incomes of non-members households was spill-over effect of the activities of the cooperatives.

4.9 Monthly Deposit of the Respondents after this Program

In this study income denotes the earning of the members of Co-operatives program, any income generating activities. The income may be form of money having different types of occupation.

Table No.4.8: Monthly Deposit of the Respondents after this Program

Deposited Asset	Members	Percentages
------------------------	----------------	--------------------

Below 100	4	13.33
100-200	6	20
200-300	10	33.34
300-500	8	26.66
500 above	2	6.67
Total	30	100

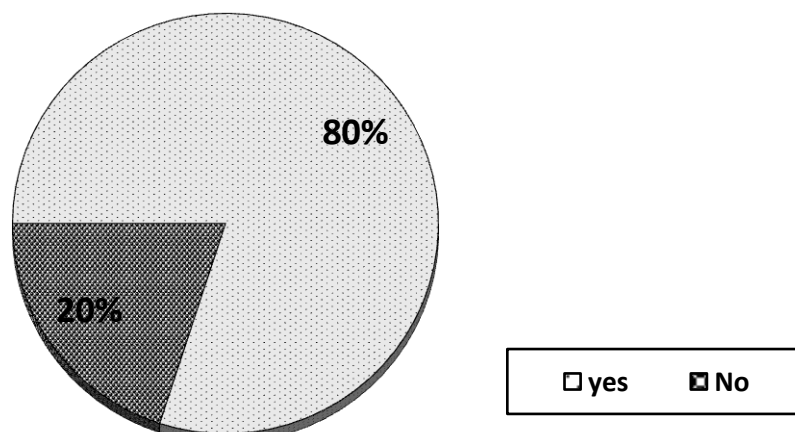
Source: Field Survey, 2015

In the above table shows that there is more 33.34 percentages of saving money 200-300 above which is 30 and 26 percentages of saving money 300-500 and likewise 100- 200 are 20 percent and the above 500 money deposition on the Co-operatives programs are 6.67 percent. .Above mentioned statistic have shown in chart below:

4.10 Family support for Participation on Co-operatives Program

Among the total respondents of the Co-operatives program the overall people are showing the positive thinking in this regards, where as people from the backward groups has been problem in saving and credit program of the Co-operatives program. But also the active members of the program are try to support and pull them to join in the program by providing the different types loan for different types of occupation and farming.

Figure No. 4 .6: Family Support for Participation on Co-operatives Program



Source: Field Survey, 2015

The above pie chart shows that the Co-operatives program is successful because of the more respondent are supported which percentage is 80 and other remaining are about 20 as while of total 100 percentage. It shows that there is better effect of micro credit in the different part of the country for fast and fruitful organizations.

4.11 Employment Opportunities in the Rural Area.

This cooperative has been providing the local jobs for two female as regular engagement. In addition to that, 146 no. of indirect employment in the family of member has been created though engagement in various agriculture and non agricultural income generating activities.

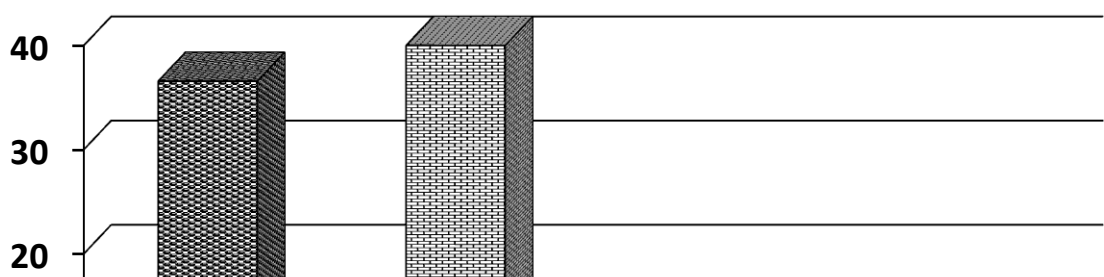
Table No.4.9: Employment Opportunities in the Rural area.

Purpose of loan	Employment Generating	Percentage
Agriculture	11	36.67
Farming	12	40
Entrepreneurship	4	13.33
Business	3	10
Total	30	100

Sources: Field Survey, 2015

Member of the SMACLS are taking to the loan for different purpose so the rural area. different employment opportunity are creation in the different sector. In the above table shows that most of the employment opportunity in the agriculture sector 36.67% opportunity in the agriculture, 40% livestock (goat farming, pig farming, cow farming etc.), Entrepreneurship 13.33% and 10% business . Above mentioned statistic have shown in pie chart below:

Figure No. 4.7: Employment Opportunities in the Rural Area



Sources: Field Survey, 2015

4.12 Services Offered by SMACLS

The various savings and loan products, cooperative shop and social services are offered by SMACLS to its members which are discussed in following sections. SMACLS usually provide such financial and non-financial services during its savings and credit phase.

List of Services Offered by SMACLS

Savings

- Compulsory savings
- Demand deposits
- Fixed deposits
- Special savings
- Daily saving
- Kisori saving

Loans

- Agriculture and livestock
- Micro enterprise and business

- Repair of house, latrine and biogas
- Social and emergency purpose
- Loan against savings
- Group/member guarantee

Insurance (Micro Life and Health)

Social Services

- Training on income-generating activities
- Health and nutrition
- Community development activities
- Awareness-raising and literacy

4.12.1 Savings Products

SMACLS offer a variety of savings products to its members. It starts its savings products from compulsory savings, and gradually introduce voluntary and other purposive savings. There is compulsory saving offers which provide monthly amount Rs.50 or above. Thus specific saving account is started Rs.80000 . Normal account is simple process where balance value is Rs.1000 among of them jetha nagarik khata, Bal bachat khata , kisori bachat and Paribarik khata are other saving types of SMACLS. These savings products are designed to develop thrift among members generate internal fund for on-leading and make savings available to members in times of emergency. Generally, members cannot withdraw compulsory saving up to an agreed term or till it's give up membership. SMACLS issue passbooks to their members once they start depositing savings. Passbooks are filled and signed by the staff concerned.

Table No.4.10: Savings Products Offered by SMACLS

Products	Purpose and Products Definition	Interest Rate
Compulsory Savings	Old age provision and loan guarantee for members and regular sources of investment fund for SMACLS. The minimum fixed amount must be deposited each month. These savings can be withdraw only upon termination of membership.	8%

Demand Deposit	For emergencies and for lump sum investments. Members can withdraw stated amount mentioned in the policy.	8%
Daily Savings	Savings services for daily income earners. Must deposit fixed amount thereof per day. With drawl after specified period when the amount becomes substantial.	8%
Fixed Deposit	For depositing surplus income of members and higher returns from the savings. Members can withdraw after termination of a pre-negotiated period and can borrow up to 90% of accumulated amount by paying 2-3% extra interest.	10%-12%
Kisori Deposit	At least 5 yrs	13%

Source: *Field Survey, 2015.*

4.12.2 Insurance Products

SMACLS had introduced simple insurance products for the welfare of their members. It has provide insurance for cow, goat, pig, farming variously..

4.12.3 Social Services

SMACLS provides a broad range of social services through their own resources or in coordination with developmental agencies for the benefit of its members. These services can be categorized under the following headings:

Training in Income Generating Activities

SMACLS has organized, in coordination with different NGOs and district line agencies, mainly with district agriculture office and cottage industry development committee, training in various income-generating enterprises such as seasonal and off-season vegetable cultivation, livestock (e.g. goat, pig, cow and buffalo) raising,

knitting and weaving.

Preventive and Curative Health Services

These services include implementation of drinking water projects, granting of loans for construction of Pakka (permanent) latrines and requiring every member household to have a pit latrine and a kitchen garden. It also provides soft loans for health treatment and emergency purpose. The CMF has, along with some partner MFIs, also commenced a partnership linkage programme on HIV/AIDS and micro finance.

Community Development Activities

SMACLS has mobilized its members for improving local infrastructure such as construction of village roads and school buildings, establishment of communication services.

iv. Awareness-Raising Activities

SMACLS has organized adult literacy classes for its members. Besides, it has organized various campaigns and talk programmes on gender equality, girl's education, pre- and postnatal care, etc.

4.12.4 Loan Products

SMACLS offers a variety of loan products to its members such as productive, social and emergency loans. The loan products are described in detail in table .

Members are eligible to borrow loans three to six months after acquiring membership. In the case of SMACLS, more than one member from the same family can become a member, but only one can get loan at a time. She can acquire another loan only after the repayment of the previous loan, but in emergencies, she can avail of emergency loans.

In the same way, any member who needs a loan may apply to her Cooperative with an application and the required fee. The loan sub-committee reviews the loan applications based on the existing policy and forwards them to Board of Directors (BOD), the final body for approving or disapproving loans, with necessary recommendations. Generally, it takes one week to approve or disapprove a loan

application. The loan subcommittee is authorized to approve or disapprove loans up to the amount of Rs. 80000.

Table No.4.11: Loan Products Offered by SMACLS

Loan Products	Purpose	Interest Rate
Agriculture loan Farm and husbandry activities	Provided for buying seeds, seedlings, fertilizer, implements and livestock.	14%
Vegetable cultivation Livestock	Divided mainly into three categories: short term (6 months), medium terms (up to 18 months), and long term (more than 18 months). Short-term loans are given for seasonal farm activities, medium term for livestock and long term loans for other.	14%
Social loan	This loan is given for social purpose such as for	12%

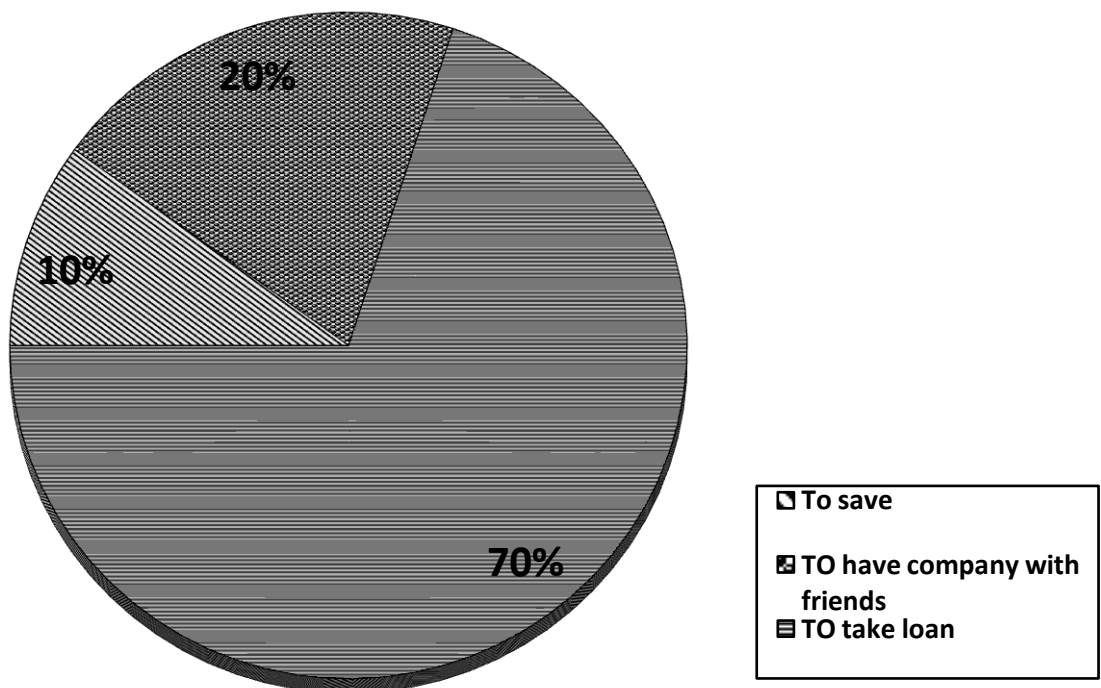
	consumptive purpose and for organizing rituals and festivals.	
Emergency loan	Given for emergency purposes, eg. during illness of family members, accidents, natural disaster etc. This loan provided only for short period (3-6months)	12%

Source: *Field survey, 2015.*

4.13 Purpose of Join in Micro-credit Programs

There are different purposes of joining the Co-operatives of the each individuals of the society; it is reasonable questions for transformation of their behavior. So one of the questions was asked in different views and listed in table below.

Figure No. 4.8: Purpose of Join in Micro-credit Programs



In the above pie chart shows that the main purpose of join in Co-operatives. Normally they join for three purpose, many of them (10 percent) join for to save more and increase their life standard. 20 percentage of them were join for company with friends, they wanted to do some things. Rest 70 percentages were joining for to take loan. They wanted to run own microenterprise. This program helps for fulfillment of their purpose although they were different.

4.14 Tools/ Practice to Promote the Festiveness Use of Loan

To promote the Co-operatives program we can give the facility by providing training program, awareness program, and other financial opportunities.

Table No.4.12: Tools/ Practice to Promote the Festiveness Use of Loan.

Tools/Practice	Members	Percentage
Agricultural and farming base Training	12	40
Social Development Training	6	20
Education and Health	8	26.67
Social/Traditional Awareness	4	13.33
Total	30	100

Source: Field servey 2015

The above table shows that there is more percentage of micro credit on Agricultural and farming base Training which was 40 percentage among the respondent is quit good for the betterment to uplift the income generating activities in forward to motivate effective way training, social development which was 20 percentage among the respondent is quite good for the betterment to uplift the society in forward to motivate effective way, and so social development and awareness training and workshop has got 13.33 is also best movement and the general education and health is also distributed about 26,67 percentage. In general the practice done above data are quite good analytical hypothesis.

4.15 Income Generating by Cooperative Activities

People of community followed traditional type Agriculture occupation to survive before involvement of this program. Through the various consciousness raising seminar ,training etc. to the members of Cooperative and provided multipurpose loan encouraged and empowered them to increase IGAs.

Table No.4.13: Income Generating by Cooperative Activities

Income (In thousands)	Field of IGAs	No.of Respondents	Percentage
Less than 150	Agriculture	3	23.33
	Entrepreneurship	4	
150-300	Agriculture	8	60
	Farming	10	
300-above	Business	3	16.67
	Farming	2	
	Total	30	100

Source: Field survey 2015

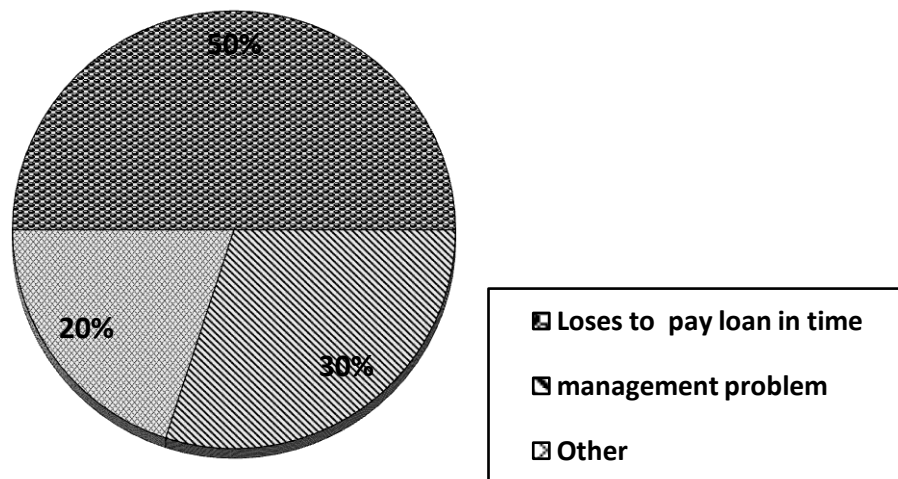
Above mentioned table showed out of 30 respondents, 11 were involve in agriculture sector ,in farming 12, business 3 and entrepreneur 4 were participated in the activities. In the overview of income perspectives less than 150000 annual income has found the income of 7(23.33%)respondents ,18(60%) respondents have Rs150000-300000 annual income and 5(16.67%) respondents have more than Rs 300000 income annually.

In the nutshell ,after involvement of cooperative the IGAs were found remarkably better position than non member of community those are out of access from cooperative activities.

4.16 Challenges of the Credit Schemes of the Respondents after this Program

In any organizations there are advantages and disadvantages arise in working mechanism. There may be different opportunity and threats are challenging for betterment of the institutions.

Figure No. 4 .9: Challenges of the Credit Schemes of the Respondents after this Program



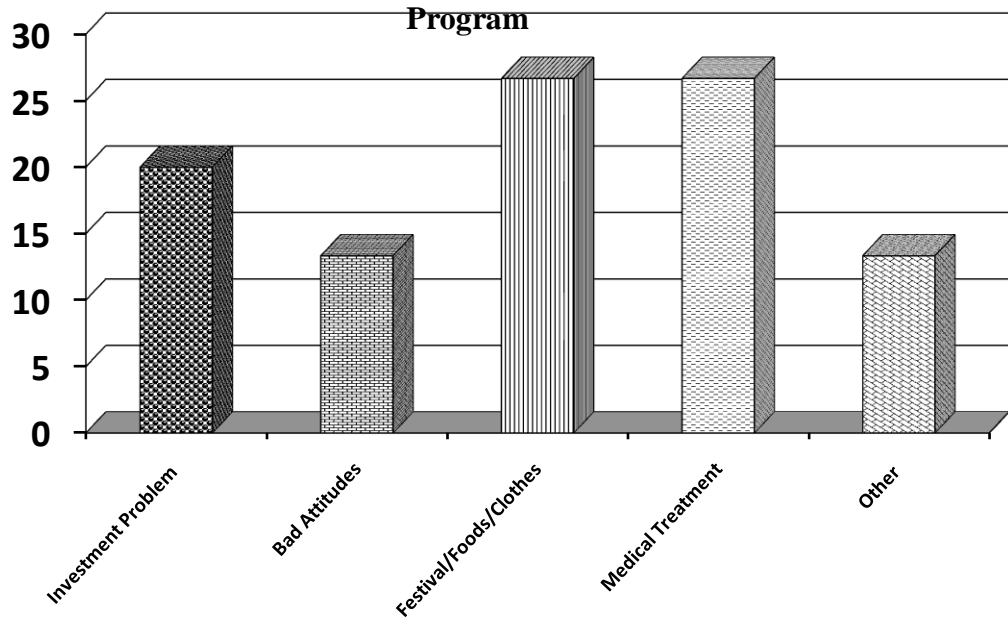
Source: Field survey 2015

Above pie chart shows, the main purpose of join in Co-operatives programs. In Co-operatives programs most of the respondent has the problem to pay loan on time they are 50 due to the management and other problem few respondent are on the problem they are about 30 percent and rest of them 20 percentage are various reason of their own problems.

4.17 The Reason of Loan not Paying on time Cooperatives Program

The loan payment is another crucial aspect of lending activity of any financial institutions. If the loan are not paid on time, it will not only affect the turnover capacity of financial institutions but also affect on the sustainability of the financial institutions and disturb the borrowing and lending environment between the financial institutions and the borrowers and among the borrowers themselves.

Figure No. 4.10: The Reason of Loan not Paying on time Co-operatives



Source: Field survey 2015

The above chart shows that due to the reason of following festival/foods/ cloths and Medical Treatment, the most of the people take more loan comparatively about 26.67 percent and secondly the respondent has got problem on investment in which sector it is best for investment it is what choosing of investment is not definitely right they are about . So on Bad attitudes 13.33 percent. who are taking loan for not returning propose on time or somewhat other reason. and Investment problem are about 20 percentage, rest of them others problem are about 13.33 percentages.

4.18 Gender Inequalities in the Organizations on Co-operatives Program

In Nepali society there were conservative people are found in different which is steal lending the country, by introducing, male dominated society by performing the different scene of touch ability and thinking that women are not leader they just main or key person of home only not of the nations.

On the involvement of the gender perspective have seen 100 percent female participant being member of cooperatives due to the mandatory of SMACLS act. It shows that there is no more gender equalities in the selection of the research area.

CHAPTER-V

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

The objectives of the study found out IGAs of SMACLS, Economic and Empowerment status of the rural female, and Economic change of rural people by Suryabinayak multipurpose agriculture co-operative limited shantipur. In order to meet the research objectives different tools and techniques were used for data collection. Descriptive research was carried out for which both primary and secondary data were collected. Perception about Suryabinayak multipurpose agriculture co-operative limited shantipur was collected from 30 respondents based on proposed simple random sampling. The total population in the studied VDC (Shantipur) were 5606 comprising female and male population of 2927 and 2724 respectively. The percentage of population who, solely depend upon agriculture and farming were 85%,.and those engaged in business were 3.4%, whereas only about 6 % of the total population were engaged in Jobs sector. Majority of population residing in this VDC were janjati which are 43.5 percent. The population size of Lepcha 3.7 percent and dalit percent 13 respectively. The major problems found in the VDC were empowering women and marginalized in terms of decision making, awareness and other factors.

Suryabinayak multipurpose agriculture co-operative limited shantipur established in 2063.This research Related SMACLS Members under the topic of IGAs. So all the sample populations considered for the study were Members of cooperative, 40 percentage respondents were Brahmin/Chetri ,followed by 50 percentage Janjati and then 10 percentage belonged to Dalits out of total 30 sample households. In the cooperative more members were advantaged than marginalized. This data is consistent with the observation that a SMACLS with solely people member tends to have a strong people's empowerment agenda. Out of the total sampled household population 76.67 percent were engaged in agriculture and livestock , only about 10 percent were found to be engaged in business, only about 13.33 percent were found to be

engaged in services and only about 13.33 percent were found to be engaged in wage entrepreneurship. Mostly people are directly or indirectly involved in agriculture and farming activities. The percentage of educated people found in the study was 30% out of the total 30 sampled population. The literate population was 60 % and illiterate were 10%. Though ,there are mixed gender participation of member were found in some cooperatives ,this cooperative is totally women are involved in all program. . Suryabinayak multipurpose agriculture co-operative limited shantipur one which is established by Mahila Bikas,Ilam. There were 149 members and it provides credit to its members. This credit is used by the members in agriculture and livestock, education, health, tailoring and business, entrepreneur etc. From the study it was clear that a majority of the population residing in Shantipur VDC are still dependent on agriculture and livestock , especially women, in spite of the agriculture cooperative. The basic indicators those are very vital for the socio-economic development of the society such as education, health and sanitation, drinking water, occupation, decision-making etc. play a key role for the positive change in the community.

From the ethnic composition perspective, most of the respondents of the VDC were poor in social as well as economic activities before the establishment of SMACLS. Involvement of people in income generating activity helps to create a healthy family environment, Increasing earnings of people has a positive effect in their families' health and education; moreover, it improves their living standard. The research found the poor people a little bit income increment which implies significant contribution to the personal and family causes. As there was increment in the level of people's earning, there were increasing concerns about the control over these incomes. Members needed credit either to start new or improved the previous small shop, agriculture and animal farming. From the interview ,after this company program, 30 respondents has engaged in cash crops, food crops ,livestock (cows ,goats, chickens, pigs) entrepreneurship and business. They improved for their income generating taken loan from this SMACLS. This cooperative provided credit of about 5 thousand (minimum) to 80000 thousand (maximum) for their member. SMACLS has been contributed immensely to create awareness in the community. It has resulted a situation where people were provided equal opportunity in the selection of occupation, education, training and various other social activities. It is evident that female's role and status has been increased positively after the establishment of

SMACLS. The level of increase is slow and gradual but has proved significant in terms of household decision making and in economic productivity. The household decision making power and authority of people has been significantly improved and reached after the establishment of SMACLS.

5.2 Conclusions

To meet the objectives of the study have selected one cooperative which is at shantipur VDC of Ilam District. The SMACLS has specially established in rural areas with below average income women cooperative belonging 149 members as the goal of reducing poverty through the agricultural practice, farming, entrepreneurship and business of good team work, some local employment was created then common basic needs were able to meet. The awareness raising activities such as: workshop, seminar, observational tour as well as women professional literacy activities were found in practice which is directly or indirectly involved in local employment. On the financial point of view two discount shops were established in the coverage area of SMACLS from Which benefitted below average income people and expanded access of marketing rural area.

The study showed that as financial mediator the SMACLS was able to meet some practical needs of its members, specifically basic, agriculture. Farming, entrepreneurship and business activities, saving and credit services. The non-financial, developmental activities carried out in the SMACLS with its members as participants and beneficiaries included the following types of activities that are "services" at the same time, namely; social intermediation, enterprise development, social services and women's empowerment SMACLS also carried out community-development-related activities. SMACLS's financial services helped communities (through direct and spill-over effects) in increasing their incomes, which thereby contributed to reducing their poverty. Similarly, technical services in terms of training provided by SMACLS to their members helped in enhancing their skills, which also indirectly contributed to increasing their incomes. In addition, undertaking of adult literacy classes contributed to making literate adult. SMACLS's community development activities were recognized in the community. Increased incomes and knowledge SMACLS has, therefore, a role to play in poverty reduction and development in people. Although SMACLS had good outreach, it had problems in reaching the ultra poor in its working area. Its membership being voluntary, only those people who were aware and literate

join the programme and the poor were left behind. They had no special programme that emphasized motivating the poor to join them.

The activities of SMACLS were found effective in generating wider role in its own area of operation in addition to the general role on the livelihood and empowerment of members at individual and household levels. Some other important facts were: People's activities were found labourious to enhance IGAs field. Feeling of team work and company has seen in high ratio. Increased entrepreneurship knowledge skill among the members and community. Cooperatives role was being appropriate for the generating of an employment. Decrease in existing interest rates, especially to the money lenders, in the working area of SMACLS, Availability of better financial services for the people in the Shantipur VDC, Organization and expansion of markets in communities, Creation of social capital such as group solidarity among members, Increase in Dalit, Lepcha, women's involvement in cooperative decision-making process.

5.3 Recommendations

The following recommendation has been suggested for further improvement of the SMACLS program in the future.

- SMACLS boards, staff and members must gain some knowledge and understanding of the principle, values and practices of co-operatives.
- SMACLS boards should be encouraged to consult members related to nonfinancial, developmental activities of the SMACLS as they are interested in participating in these activities.
- Members should be encouraged to participate more actively in discussion and deliberations in annual general meetings and monthly meetings of SMACLS.
- The follow of credit facilities needs to be reviewed and should be provided as per priority basis at the rate of low interest.
- Properly utilizes the loan.
- To meet members needs.
- Increase the dalit and woman participation in cooperative.
- Increase the income generating activities for the members.

- Regularly and timely to develop saving and credit.
- Saving should be carried out for their children' education and health.
- SMACLS should further try to meet member's practical needs for basic professional literacy .
- It should raise the required capital internally or by accessing funds from external leading agencies.
- SMACLS should address the problems by developing strategies that would motivate poor people to join it.
- Educational awareness programme should be more focused.

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ANNEX-I

QUESTIONNAIRE

1. General Information

- | | |
|---------------------------|--------------------------|
| a) Name of the respondent | b) Age |
| c) Sex | d) Ward No |
| e) Occupation | f) Cast and ethnic group |
| g) Religion | h) Language |
| I) Family type | j) Marital status |

2. Educational Level

- | | |
|----------------------------------|----------------------|
| 3. a) Name of the household head | b) Age |
| c) Marital Status | d) Educational level |

4. Information about the household member:

S.N.	Relation of respondent	Sex	Age	Educational/ Literacy	Occupation

5. What was your main occupation ?

Before joining Group

After joining Group

6. Average monthly income (in Rs)

Before joining Group

After joining Group

7. Is income sufficient to maintain daily expenses ?

Yes

No

8. What is the annual amount of saving ?

9. What are the sources of income ?

Before joining Group

After joining Group

10. How did you know about the group ?

I. Family Members

II. Friends

III. Women development of

IV. Village development office

11. What is the duration of membership of group ?

I. Less than one year

II. 1 - 5 years

III. 5 - 8 years

IV. More than 5 Years

12. Why did you join group ?

I. To earn money

II. To give company to the friends

III. To become self-dependent

IV. Others (specify)

13. Have you taken loan from group ?

Yes

No

14. What was the amount of taking loan ?

15. How many times did you take the loan ?

Not taken

one time

two times

Three time

more than three times

16. Did you pay the loan ?

Paid

Partially Paid

Not paid at all

17. If not what was the problem for paying loan ?

Intentionally

Household problem

Other (specify)

18. Are you benefited from loan ?

Yes

No

do not know

19. What types of fuels does your family usually use for cooking ?

- a) Firewood
- b) Kerosene
- c) Bio-gas
- d) Others

20. What types of toilet does your family member use ?

- a) Local toilet
- b) Flush toilet
- c) No toilet

21. Items of communication:

- a) Radio
- b) Television
- c) Daily newspapers
- d) Others

22. What sources of drinking water is being used by your family ?

- a) From own tap
- b) Local tap
- c) Own well
- d) From river

23. Knowledge of family planning

- Yes
- No

24. Either you or your husband has used any method of family planning currently ?

- Yes
- No

25. Mention your consumption pattern, Is it changed after joining the group ?

- If yes, mention please
- Before the program
- After the program

26. What was your clothing pattern ? Is it change after joining group ?

- Yes
- No
- If yes, then mention
- Before the program
- After the program

27. What of benefit do you get after joining group ?

- a) Economic benefit
- i) saving mobilization
- ii) Easy to take loan

- iii) Curtail unproductive expenses
- iv) develop saving habit

b) Non-economic benefit

- i) Develop social concept
- ii) social awareness
- iii) Lowered social evils
- iv) Health and sanitation
- v) Others

28. Do you think poverty has been reduced by joining group ?

- Yes
- No
- do not know

29. What kinds of change have you felt in the following subject ?

- i) Year family perception
- ii) Education
- ii) Health
- iv) Living standard
- v) Any other (specify)

30. Except income generating activities, what type of the activities do you perform:

- i) Community development activities
- ii) Literacy classes
- iii) Training
- iv) Others (specify)

31. How do you spend your income ?

- i) independently own self
- ii) Depending on others

32. Please mention the decision making

- i) inside the household
- ii) Outside the household

33. Do you think that, now you can live alone, if you haven't any support ?

- Yes
- No

If yes justify please

34. Do you thinking of society towards you has changed after joining group ?

- Yes
- No
- don't know

35. Any suggestion for betterment of group.

Study of the Research Ilam District of Nepal



Annex -III
Research VDC

