

**Role of Co-operative in Income Generating Activities:
A Case Study on Nagbeli cooperative Saving and Credit
Cooperative, Santinagar-5 VDC of Jhapa District**

A Thesis

Submitted to:

**Faculty of Humanities And Social Sciences Mahendra Ratna
Multiple Campus, Ilam Tribhuvan University In partial Fulfillment
of the requirement of the Master Degree of Arts In Rural
Development**

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September, 2016

Declaration

I hereby heartily declare that the thesis entitled **Role of Co-operative in Income Generating Activities (A Case Study on Nagbeli cooperative Saving and Credit Cooperative, Santinagar-5 VDC of Jhapa District)** has been prepared by Ganesh Khatiwada and submitted to the Department of Rural Development, Mahendra Ratna Multiple Campus, Ilam. It is my original and empirical work prepared under the intellectual guidance of my respected supervisor Chandika Parajuli, faculty of the Department of Rural Development. I truly state that I have borrowed all ideas and information from different sources for the preparation of this thesis.

I make due acknowledgements to them declaring that the results of this thesis have not been presented and submitted anywhere else for the award of any degree and for any other proposes. I want to assure that any part of the contents of this thesis has not been published in any form before.

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LETTER OF RECOMMENDATION

This thesis entitled **Role of Co-operative in Income Generating Activities (A Case Study on Nagbeli cooperative Saving and Credit Cooperative, Santinagar-5 VDC of Jhapa District)** has been prepared by **Ganesh Khatiwada** under my guidance and supervision. I hereby forward this thesis to the evaluation committee for final evaluation and approval.

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Supervisor

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ACKNOWLEDGEMENTS

I would like to present my sincere gratitude to my supervisor Mr. Chandika Parajuli for his valuable comments and guidance which inspired me to continue and complete this work. I would also like to thank other Lecturers of Rural Development Department who also gave initial idea and encouraged me to do research on **Role of Co-operative in Income Generating Activities (A Case Study on Nagbeli cooperative Saving and Credit Cooperative, Santinagar-5 VDC of Jhapa District)** I would also like to thank Mr. Kendra Khatri who provided me necessary literatures. My brother Mr. Rajive Shrestha, Mr. Janak Niraula and Mr. Indra Dulal is also thankful as he also gave comments in my works. I would also like to thank Mr. Rudra Khatiwada as he helped me during my field works. Last but not least, I am indebted to my parents as they inspired me all the time.

Date: 11-05-2073

Ganesh Khatiwada

09 Sept, 2016

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ACRONYMS AND ABBERRATIONS

ADB	:	Asian Development Bank
CBO ^s	:	Community Based Organizations
CBS	:	Central Bureau of Statistics
CFUG	:	Community Forest Users Group
CMF	:	Centre for Micro-Finance (Pvt) Limited
DDC	:	District Development Committee
DoC	:	Department of Cooperative
EDD	:	Eastern Development Region
FGD	:	Focus Group Discussion
GO	:	Government Organization
GoN	:	Government of Nepal
NCSCC		Nagbela cooperative Saving and Credit Cooperative
MoF	:	Ministry of Finance
INGO	:	International Non-Governmental Organization
MFI	:	Micro-Finance Institutions
MOA	:	Ministry of Administration
NLSS	:	Nepal Living Standard Survey
NEFSCUN	:	Nepal Federation of Savings and Credits Cooperative Unions Limited
NGO	:	Non-Governmental Organization
PRA	:	Participatory Rural Appraisal
SCC	:	Savings and Credit Cooperative
VDC	:	Village Development Committee

Abstract

Massive poverty exists in Nepal. Poverty reduction has been identified as an integrated development approach. In spite of huge potentialities, rural areas have weak domain of transferability. Weak domain of transferability can lead to persistent and chronic poverty. Therefore strategy of breaking vicious poverty cycle should be so designed that will support for a) quality asset, b) strengthen access and c) creates competitive transferability. Cooperative is a member based business with well defined norms and principles. Cooperative has been identified as a potential component of Nepalese three pillar economy. The paper incepts in the contribution of cooperative in poverty reduction. It was observed that cooperative and poverty reduction goes hand in hand. Cooperative can be effective institutional arrangement in breaking the vicious cycle of poverty in the rural socio-economic context. Under effective supervision, if cooperative can be well managed and strengthened; cooperative can potentially strengthen the domain of transferability of rural community and there forwards to contribute to sustainable reduction of poverty.

The present study is focused on assessing the impact of co-operatives run by (Nagbeli cooperative Saving and Credit Cooperative), The researcher hypothesized is based on these hypotheses, the researcher investigated into the programs and activities delivered to enhance women's participation in income generation, decision making and developing interventions. The researcher brought the components such as family background, family size, education of the family heads, and family income as separate variables for the study.

CHAPTER - I

INTRODUCTION

The co-operative concept in the form of Guthi, Parma, Dhikuri, Dharmabhakari etc has been used from a very beginning in Nepalese societies. Characteristics of these historical social institutions are almost resembled with primary form of co-operatives. For the institutional development of such societies, the then government aimed to adopt co-operative system as a means for economic social and cultural development of the people as well as an appropriate and effective tool for rural development.

The word co-operative is derived from the latin word co-opreri com means together and opearari means to work which means working together thus the literal meaning of co-operative indicates towards to fund a mental necessity of mankind mutual help among people. The co operative organization has been defined in different ways by the thinkers and scholars . A few of them have been presented here.

Co-operative is a collectively owned institution wstablished to further wellbeing of its members.so, the co-operative is an autonomous and jointly owned and democratically controlled enterprise.The word “co-operative” is said to be derived from the Latin word “co-ooerative” which means working together for some common purpose.the word "co" means together and "operative" means to work.The cooperative is a form of organization engaged in economic activities and carries out management functions such as planning, organizing, controlling and evaluating. This form of organization has been growing popularity in the sphere of economic activities, particularity among the economically weak members of the community who by definition can't protect their interest on individual basis. Generally, speaking, co-operation means living, thinking, and working together. It is technical sense;

it denotes special method of doing business. In its former sense corporation existed then the man himself, examples are not wanting of 'Reflexive' and 'Instinctive' cooperation in the animal world. Formations of social groups are the outcome of reflexive cooperation, while the life of ants, bees, wasps, loons, etc. provides the best example of instinctive cooperation. The practice of principle of cooperation contributed to the development of human role. Those are other biological and social factors. An ILO Report defines a co-operation society "as an association of the economically weak who voluntarily was associating on the basis of equal rights and equal responsibility. Transfer to an undertaking on a several of their function. Corresponding to one or more of their economic needs, they are common to them all. But which each of them is unable fully to satisfy by their individual efforts to manage.

Cooperative is a form of economic as well as social organization based on certain values. Cooperative effort's is ultimately the group instinct in man which enables him to live together, work together and help each other in times of stress. Cooperatives are voluntary oriented and self-help organization. They aim at meeting the human needs through collective action without any exploitation. It is the voluntary and democratic association of human beings, based on equality (of control and opportunity) and equity of distribution and mutuality for the promotion of common interests as consumers. A cooperative is generally viewed as a socio-economic organization that can fulfill both social and economic objectives of its members, and that has its member's interests truly at heart (Singh, 1999). It directly serves its members interests by meeting their needs but doesn't earn profit for itself as an independent economic unit at their cost (Krishnaswami, 1978). The very motto of cooperatives each for all and all for each signifies loyalty, trust faith and fellowship. Cooperative provides opportunity to weaker segment of the society by pooling their resources leading to collective and cooperative social

action and thereby mitigates their problems and promotes development (Tripathy 1998). A cooperative is an autonomous association of persons united voluntarily to achieve their common social and cultural needs and aspirations through jointly owned and democratically controlled enterprises.

Nepal does not have a long history of modern cooperatives. The cooperative movement began only since the last five decades. It was the formal cooperatives for the first time in 1953 through establishing the Cooperative Department. Nepal is a small land locked developing country which is situated on the southern slopes of the Himalayas. It is located between 26°22' to 30°27' North latitude and 80°4' to 88°12' East longitude. The total area of the country is 147181 square km. It is approximately 885 km in length from east to west and 193 km in breadth from north to south. Ecologically, Nepal is divided into three regions: terai, hill and mountain. Most of the land of the country is higher mountain and rolling hills accounting for about 83% of the total area. The remaining 17% is occupied by the flat land of the terai (Economic Survey, 2013). Nepal is also one of the poor countries in the world. Per capita income of Nepal is just \$470 (CBS, 2008) and about 31 percentage of the total population falls under absolute poverty line. It has about 51 percent female and about 49 percent male population. The data itself shows that without the involvement of half of the people (women) in development, the development of country is lame.

It was not realized the difference between men and women in development process before 1970s. First of all, the analysis of Esther Boserup's research paper women's role in economic development from the concept of "Women in Development" was developed to involve women in social, political, economic empowerment activities. One strategy of women in development is to change social condition and position of women. Because of some weakness of women in Development the concept gender and development took place in 1980. This concept defined biological and social difference between men and women.

After defining women, the process of being forward in social, economic and political activities from background, is called empowerment. However, the cooperative programme adhering to the globally recognized cooperative principles and values started in the country only in 1956 A.D. when 13 credit cooperatives were established in the Chitwan Valley. The objectives of the cooperatives societies (registered under an Executive order of the Government, as there was no Cooperative Act at that time) was to provide agriculture credit to flood-stricken people resettled in the valley. Following the successful delivery of the agricultural credit by these cooperatives, the cooperatives societies Act was promulgated in 1959. After this, many legal and other reforms have been made to continue the cooperative movement in the country.

However, during the last five decades, the cooperative movement has experienced many difficulties. Prior to the 1990s, the government had used to set a target for registering cooperative societies: This usually restricted the public initiatives to promote cooperatives. Hence, the growth was almost negligible. However, with new act and liberal environment, where government did not restrict cooperatives from being registered, cooperatives were free to promote them. Hence, a mushroom growth was recorded during the 1990s (Mali, 2005). There are 22,646 cooperatives out of them 10,558 are saving and

credit cooperatives, 25,44 cooperatives are established and managed by women (MoF, 2011). After 1992, the mushroom growth took place at all levels of cooperatives societies, ranging from grass root to secondary and central level. The governments had celebrated “Cooperative Golden Jubilee Celebration Year 2000” with a slogan “Adapt Cooperative System and alleviate poverty and unemployment”. Government has declared 2013 as cooperatives year.

The study area lies in the rural part of country having working field of few

NGOs and a savings and credits' cooperatives. Saving and credits cooperative has started its programme, Since 2054 B.S in this V.D.C. now many CBOs are formed with aim to empower the women in many respects. This study has attempted to find out whether the women of that VDC are feeling difference in their former life style or not. Are they empowered or not in decision making through the activities of cooperatives and to find out the barriers and weakness faced to achieve its objectives.

1.1 Background of the Study

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 for 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.

Cooperative is a voluntary organization of persons with limited means to safeguard their needs and interest (R.S. Acharya). 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 main aim of cooperative development has been to bring about social and economic upliftment of the poor farmer by "Pooling their small capital, fragmentary land and limited labour". It aims at providing not only credit and other facilities on fair terms but also to help in marketing and development of industries. Cooperatives are regarded as complementary to change the agrarian structure for removing socio-economic inequalities and introducing progressive changes for accelerating rural development. They are counted as the main source of IGAs in recent era and being one of the pillars of economic development in Nepal.

Cooperative movement of Nepal started with the establishment of Department of Cooperative in 1954 (CEDA). The main objective of Cooperative movement was to raise the socio-economic conditions of the poor farmers by pooling their small capital and fragmented land. Cooperative was regarded as complementary agents to change the agrarian structure of the country by removing socio-economic un-equalities through progressive changes (NCDB, 2004).

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 (Pekka Hussi, Joselte Murphy, Ole lind berg and Lyle Benneman, 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.

Cooperative has two features that make them attractive to those developing countries whose goals include the equalitarian objectives of greater dispersion of income and population control of the economic institution. Cooperative in contrast to privately owned firms, attempts to benefit their users or patrons, rather than their owners and limit the returns received by the suppliers of equity capital to the owners. They are ultimately controlled by the patrons rather than the owners. This is attractive because it permits distribution of profits to the rank and file of the populations, rather than the suppliers of capital who are inequality members of an elite.

Nepalese people have a long tradition in Cooperative having many from 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 (Dr. M. P. Shrestha, 2007).

The present study is focused on the role of Cooperative in IGAs on case study of Nagabeli women cooperative Saving and Credit Cooperative, Shantinagar-5 VDC, Jhapa. It is nearby the ring road.. The main objective of this organization is to enhance IGAs with Gender development.

1.2 Statement of the Problem

Nepalese economy is based on agriculture as in several countries of the South-Asian Region Agriculture contributes more to the total gross domestic and it has been a source of livelihood for almost 80 percent of the total population. (CBS, 2011).

The main problems of agriculture are the lack of agricultural inputs lack of irrigation, lack of credit supply, lack of technology and scientific methods among the farmers and the lack of institutional marketing facilities etc. These problems have hindered growth and it has not able to attain development. It is also produced the lack of Income generating activities in the inhabitants of Nepal. To curb this 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 few well established points in the country (Jha, K.K., 1978). Cooperative movement in Nepal is still being continued, but it has not got grand success. Mostly Cooperative movement is one of the primary credit agencies which is popular among people because of institutional credit agency in the field of agriculture and it is very essential for its development and which would ultimately mean the development of economy in general.

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, Geoffrey D. and Iffath, A. sharif; 1997).

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).

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 Nagabeli cooperative Saving and Credit Cooperative in local employment generation.
- To inquire the role of micro credit in IGAs in study area.
- To suggest cooperative as the source of IGAs in Rural Development.
- To organize seminars, workshops, awareness creating programs on the emerging issues & lead the movement for safeguarding & practicing the cooperative norms, values & principles.

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 Nagabeli women cooperative Saving and Credit Cooperative, Shantinagar-5 VDC, Jhapa. It covers ward of Shantinagar-5 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 is based on and limited to the members of Cooperative organization of Nagabeli cooperative Saving and Credit Cooperative, Shantinagar-5 VDC, Jhapa. Furthermore, this study has the following limitations:

- The area of this study becomes the ward no of 4,5 of Shantinagar-5 VDC
- It is 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 micro credit. The relevant literatures have been reviewed in second chapter for this study. The third chapter deals with the methodology used in this study. The fourth chapter data analyses and interpretation of data can be done. The fifth chapter deals about the impact analysis of micro-credit. Finally, the fifth chapters 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 micro credit for women.

CHAPTER - II

LITERATURE REVIEW

There is growing consensus among both practitioners and the academic community that the cooperative business model is a form of institution that meets most of the dimensions of poverty, providing opportunities, facilitating empowerment, and enhancing security. But what is the basis for the claim that the cooperative model has a potential to reduce poverty? This paper presents a literature review of empirical research on cooperatives' potential to reduce poverty and finds substantial evidence to support this claim. Four different perspectives on this proposition are identified, all agreeing to this claim but emphasizing further the need to respect cooperative principles and values.

Literature review is one of any research work for this research work the literature review is 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 is reviewed. The concept of co-operative had been emerged in the period of late eighteenth century due to the effect of industrial revolution in United Kingdom when there was huge industrial production in cheap cost. This revolution left the poor and small farmer, labour and middle class of people in poor miserable condition that compelled some of the thinker and socialists at that time to develop some alternatives to rise the socio-economic condition of the marginalized people.

From the the notion 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 Acres 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 (Robinson, 2001)

But the co-operative movements did not stop. The followers of Robert Owen, Dr. William King Rochdale pioneers enhanced 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 spreaded to other countries and established the history of co-operative in the world.

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(NCP,1994). 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.

Experience and studies have shown that the provision of financial services is not sufficient in meeting the needs of the disadvantaged and the poor. The needs of this particular sector in society are basic yet too diverse that opportunities to improve their condition must be varied and multifaced. This fact is even more pronounced when clients are poor women.

Thus, even if its main role is that of a financial intermediary, a micro finance institution (MFI) has to provide not just financial services but non- financial services as well. This situation is very true for a poor country like Nepal.

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 (SWE,1999).

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.

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.

This study intended to identify some "Best Practices" of savings and credits cooperating (SCCs), 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(Ledgerwood, 1998).

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” (Ledgerwood 1998). 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.proposed 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, 1997).

In short, successful and sustainable financial intermediation should involve several players or services providers.

The MFI, therefore, should not be expected to provide any or all of the non-financial services identified by Ledgerwood (1998) other than financial, its core services:

Ledgerwood asserts that writing the systems framework, there are four

categories of services that may be provided to micro-finance clients.

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

Researcher has shown that simple extension of credit to poor women does not always generate sustainable benefits. This is generally attributed to three main factors namely:

- Women do not always control investment decisions in the household or the money generated by such investments.
- Poor households often have limited investment opportunities, and therefore access to savings and credit. Insurance services are now widely considered more important for managing household vulnerabilities than access to credit.

- Financial services address only one aspect of poverty, the economic and do not generally address other constraints by poor household such as limited education, poor health, social and political marginalization etc (Selin and Bhadra,1999).

The categorization of types of non financial services as presented in the schematic framework developed by Ledgerwood (1998) was used in the analysis of types of non-financial services provided by the SCCs studied. The author proposes another type of non-financial services of the SCCs run by women, namely; women's empowerment. The author proposes further that the categories be modified to encompass what mainstream cooperative would refer to as mere "activities" and not services as is explained in the forthcoming paragraphs. Thus, four categories is used in the analysis as non-financial, developmental services activities that the SCCs implement or provide to their members. Bennett's definition of social intermediation, enterprise development and social services are used in the analysis while the definition of women's empowerment is as follows:

"Women's empowerment services-activities" refer to those that are intended to raise awareness of women's rights and enable women to exercise these rights.

Women's condition and position are described condition refers to women's material state. Position refers to women's social and economic standing relative to men. Practical needs are linked to women's condition. Poor women may identify practical needs which are related to food and water, the health and education of their children, and increased income. Meeting such needs through development assistance can be a relatively short term process involving inputs such as equipment, training, credit programme, literacy programmes, or clinics. Projects that aim to meet practical needs generally preserve traditional relations between men and women (Rochdele,1991).

Strategic interests for women arise from their subordinate (disadvantaged) position in society. Strategic interests are long-term and related to improving women's position. the strategic interests of women as a group include:

reduced vulnerability to violence and exploitation, more economic security, independence, options and opportunities, shared responsibility for reproductive work with men and the state; organizing with other women for strength, solidarity and action; increased political power; increased ability to improve the lives and future of their children; and a more humanistic and just development process (1991).

Women's involvement in decision-making is different matters, including household's decisions, was taken as a proxy indicator of their empowerment. Involvement of women members in decision-making in various matters, such as opting for family planning, buying and selling assets, participating in community development.

Increasing poverty, shift from subsistence farming to cash crop farming, depleting natural resources, increased migration and growing number of women headed households, due to globalization, are factors that have increased women's vulnerability in recent years. A large percentage of women lack access to productive resource specially land.

In Nepal, 40.4% of women and 59.6% of men over the age of 10 are considered economically active. This indicates that women's economic participation is lower than men. This is due to the fact that subsistence agricultural works, which almost exclusively performed by women, is not considered to be economic activity and is excluded from surveys. The vast majority of economically active population (81.25%), particularly in rural Nepal, is engaged in agriculture and allied industries. The portion of the persons engaged in this sector is substantially higher among women (90.5%) than among men (74.9%). (Beijing and Beyond, 2004).

The Interim constitution of the Federal Democratic Republic, Nepal (2007) recognizes men and women equally and prohibits discrimination between them. The notion that "women's rights are human rights" is a new phenomenon in Nepal. For the last several decades, women's rights did not get recognition as human rights. Even today there have been reluctances to

recognize the concept of land and resources rights for women, granting them separate legal status and a degree of autonomy. Affirmative action programs on behalf of women have rarely been statutorily implemented (Beijing and Beyond, 2004).

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 lad 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 enhanced 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 (Yaron, 19197)

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 the

goods of daily necessities and earned much profit that was again used to establish co-operative schools and in other places. This successful story spreaded to other countries and established the history of co-operative in the world.

When we talk about savings, credits or microfinance, the credit goes out to 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 a saving and credit bank in Bangladesh that came to be known as Grameen Bank. The Bank was established in the Jobra village of Bangladesh in 1976 as a result of an 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 borrowers of Grameen Bank and remaining 6 percent by the government of Bangladesh (Mosely, 2000).

Sharma, T.M., et al. (2009) conclude that cooperatives economy is neither public nor private; it is the third sector of economy. In Nepal it is one pillar of economy out of the three pillars i.e. public, private and cooperative sector. The contribution of cooperative sector in GDP is about 1 percent whereas its contribution is estimated at 7 percent in financial sector of the country. According to article 26(1) of the cooperative Act 2048, all cooperatives, whether financial and non-financial, are authorized to collect the savings and provide loans within members. However the financial cooperative societies can play a vital role in mobilizing the savings of the rural and poor people. To meet the working capital deficiency of the rural cooperatives there should be a policy to mobilize the residual savings of the urban-based financial

cooperatives. The production and service-oriented cooperative have to upgrade the quality and consider price to compete with the global competitive market. There is no other appropriate means except the cooperatives system of economy to uplift the living standard of the rural and poor people of Nepal. 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.

2.1 Theory and Practices of Microfinance

The perspectives of microfinance on poverty alleviation came into scene after Robinson (1996) that addressed some key questions on finance and poverty. Robinson mainly stressed on the successful institutionalization of commercial microfinance as a primary obligation of the government. Robinson cited a list of such responsibilities as follows:

1. Control of inflation;
2. Establishment of appropriate regulations, permitting institutions to charge cost-covering interest rates and fees, and to return profit;
3. Ensure of appropriate and effective supervision of microfinance institutions; and
4. Education to the bureaucracy and public about commercial microfinance and its importance for development.

Most of the microfinance based poverty alleviation microenterprise development programs pre-eminently espouse the conception of people's

participation and community organization in the financial service sector. The key tenet of the program is to make the financing cost effective through social intermediation of self-help and solidarity groups.

It is expected that groups could have an assertive impact upon qualitative dimensions of poverty and contribute to their empowerment (Montgomery, 1996).

For outstanding work has shown the role of state as a stable, unbiased and in favor of broad financial sector reform. The salient features of microfinance comprise low cost distribution system, mobile banking, close monitoring and high repayment rates, market interest rates, flexible loan terms and conditions, and low administrative costs. But it is not cogent in all cases that the intermediation of financial market through groups for the poor becomes necessary. Some of the evidences show non-correlation between group lending and success of programs in terms of microenterprise development, poverty alleviation and financial performances (Mosely, 2000). A similar result was found by Reinke (1998) in the study of small enterprise foundation of South Africa. The study indicates that the control by the group resulted more expensive input for financial services and costs of group formation in terms of production. But instead, Sebstad and Cohen (1999) found that appropriately identified groups could effectively function and succeed to achieve targeted beneficiaries. The evidence also suggests that microcredit benefited women in particular, boost up their self-confidence and raise their public participation.

Microcredit contributed to accumulate financial assets such as, savings and accounts, human assets such as education, health card, and sanitation, social assets such as networks of mutual support and physical and productive assets such as, vehicles, equipment, housing and livestock. The poor people lended in-groups were found to increase diversification in smooth consumption along with smoothing income flows (Zeller, 1999). The poor households moved from reactive to proactive approaches after the availability of microfinance

services with less severe risk. With the aim of keeping future access to loan, most borrowers used to repay loans even in distress (Zaman, 1999).

In a research work, Morduch (1999 a) suggest that the support from the government and the donor should give priority to microfinance programs, because it is contributing to reduce vulnerability through capital. It is suggested that to some extent, microcredit product could be redesigned to reach poorer households. To match the income flows and repayment capacity of borrowers in better way, loan size and repayments could be made more flexible. The targeted cash transfers may effectively support poorest households substantially.

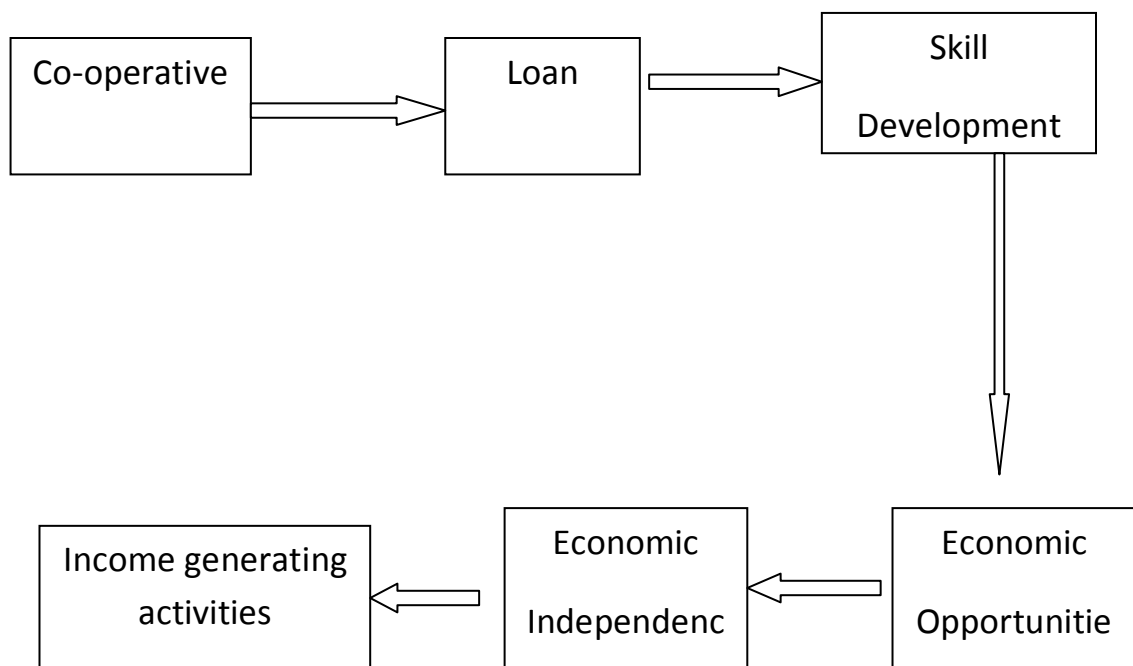
Bucckley (1997) points out the microfinance intermediaries as a driving agent enhancing networks in between urban and rural business. Micro-enterprises in rural areas supply its products to urban areas, where urban business groups reach out to the surrounding rural areas. Those intermediaries also contribute to the social relations among the groups of the borrowers. In a quote to David Hulme, Johnson (1998) on the other hand attempted to measure outreach and sustainability of microfinance intermediaries which was named 'intermediary school'. Some of the authors (Fruman and Isern, 1996) mention vision, financial services and delivery methods, organizational structure and human resources, administration and finance, management information system, institutional viability and outreach and financial sustainability as the key areas of a strong microfinance institution. With the experience of Bolivia, Rock (1997) mentions that the NGOs dealing on microfinance could be developed into a banking system, although from the profit motive the NGOs and the banks differ in nature. Some of the NGOs were found sustained and effectively operated savings and credit programs. In the World Bank's, "Worldwide Inventory of Microfinance Institutions", Paxton (1996) found that out of responded 206 institutions, 150 were NGOs. Although many NGOs were found working sincerely, but the weaknesses like lack of business acumen overly ambitious aspirations, limited scale of operation, frequent use

of donated fund or soft loans from foreign development organizations, and the flow of loan to non-targeted groups were found common.

2.2 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.

Conceptual Framework



2.3 "Inclusive financial systems"

The microcredit era that began in the 1970s has lost its momentum, to be replaced by a 'financial systems' approach. While microcredit achieved a great deal, especially in urban and near-urban areas and with entrepreneurial families, its progress in delivering financial services in less densely populated rural areas has been slow.

The new financial systems approach pragmatically acknowledges the richness of centuries of microfinance history and the immense diversity of institutions serving poor people in developing world today. It is also rooted in an increasing awareness of diversity of the financial service needs of the world's poorest people, and the diverse settings in which they live and work.

Brigit Helms in her book 'Access for All: Building Inclusive Financial Systems', distinguishes between four general categories of microfinance providers, and argues for a pro-active strategy of engagement with all of them to help them achieve the goals of the microfinance movement.

Informal financial service providers

These include moneylenders, pawnbrokers, savings collectors, money-guards, ROSCAs, ASCAs and input supply shops. Because they know each other well and live in the same community, they understand each other's financial circumstances and can offer very flexible, convenient and fast services. These services can also be costly and the choice of financial products limited and very short-term. Informal services that involve savings are also risky; many people lose their money.

Member-owned organizations

These include self-help groups, credit unions, and a variety of hybrid organizations like 'financial service associations' and CVECAs. Like their informal cousins, they are generally small and local, which means they have access to good knowledge about each other's financial circumstances and can offer convenience and flexibility. Grameen Bank is a member-owned organization. Since they are managed by poor people, their costs of operation are low. However, these providers may have little financial skill and can run into trouble when the economy turns down or their operations become too complex. Unless they are effectively regulated and supervised, they can be 'captured' by one or two influential leaders, and the members can lose their money.

NGOs

The Microcredit Summit Campaign counted 3,316 of these MFIs and NGOs lending to about 133 million clients by the end of 2006. Led by Grameen Bank and BRAC in Bangladesh, Prodem in Bolivia, Opportunity International, and FINCA International, headquartered in Washington, DC, these NGOs have spread around the developing world in the past three decades; others, like the Gamelan Council, address larger regions. They have proven very innovative, pioneering banking techniques like solidarity lending, village banking and mobile banking that have overcome barriers to serving poor populations. However, with boards that don't necessarily represent either their capital or their customers, their governance structures can be fragile, and they can become overly dependent on external donors.

Formal financial institutions

In addition to commercial banks, these include state banks, agricultural development banks, savings banks, rural banks and non-bank financial institutions. They are regulated and supervised, offer a wider range of financial services, and control a branch network that can extend across the country and internationally. However, they have proved reluctant to adopt social missions, and due to their high costs of operation, often can't deliver services to poor or remote populations. The increasing use of alternative data in credit scoring, such as trade credit is increasing commercial banks' interest in microfinance.

With appropriate regulation and supervision, each of these institutional types can bring leverage to solving the microfinance problem. For example, efforts are being made to link self-help groups to commercial banks, to network member-owned organizations together to achieve economies of scale and scope, and to support efforts by commercial banks to 'down-scale' by integrating mobile banking and e-payment technologies into their extensive branch networks.

2.4 Review of Previous Studies

Poverty: Extensively used and abused term. The word "Poverty" is, no doubt,

a key word of our times, extensively used and abused by everyone. Huge amounts of money are spent in the name of the poor. Thousands of books and expert advice continue to offer solution to their problems. Strongly enough, however, nobody including the proposed beneficiaries of these activities seems to have a clear and commonly shared view of poverty. For one reason, almost all the definitions given to the word are women around the concept of 'lack' or 'deficiency'. This notion reflects only the basic relativity of the concept, what is necessary and to whom ? And who is qualified to define all that ? When one is poor, she has no say in public. She has no food, so there is famine in her house, no clothing and no progress in her family.

Economic Survey' of Ministry of Finance (2013) poverty can be explained as a set of complex deprivation where potentials are curbed by scarcity hunger, disease, unemployment, sufferings, powerlessness and negligence of human dignity. Poverty is studied from different dimensions such as income, human and social inclusion. Analyses of poverty incidence, poverty gap, and squared poverty gap are essential in the context of poverty alleviation. The poverty line is determined by whether purchasing power necessary for acquisitioning basic goods and services is within or beyond the threshold of income. The poverty incidence refers to the number of people below the poverty line out of the total population, whereas poverty gap is a measure of population of the poor measured in term of gap between the poverty line and the people below it. Likewise indicator of the squared poverty gap shows the intensity of different level of poverty amongst the poor. Assuming an average of Rs 76,695 as the national poverty line according to Nepal Living Standard Survey (NLSS) 2003/04 around 30.85 percentage of the population is still found to be below the poverty line. According to the same survey, in terms of Purchasing Power parity (PPP), which is calculated on the basic of an income of one US dollar a day, the internationally adopted measurement standard of the, by the World Bank, around 24.1 percentage population is found to be

living below the said poverty level.

Co-operatives has described that poverty has many dimension: Social, Political, Economic, Environmental and cultural etc. Credit directly address to the economic dimensions of poverty. It mobilizes the resource and makes them accessible to marginalized communities such that they can tackle the practical problem they can face. But analyzing last few years, it has been cleared that the formal credit delivery system in rural areas, the banks and co-operatives, has not been able to keep pace with actual demand for credit. It was also in a way unrealistic to expect the formal credit system to be fully cognizant of the social objective of providing credits to the rural poor, even more particularly to the women poverty. Poor women are generally unable to access the formal financial sector due to lack of tangible collateral with them. Kunwar (2008) discuss in his article “The Himalayan Poverty” has vividly depicted the cause of poverty prevalent in the country. More than, 85 percentage of the population of Nepal lives in rural areas, where poverty is wide spread along with social discrimination between haves and have-nots. It is known fact that agriculture is the main source of income in rural areas and the link between poverty and low productivity of agriculture is very close. The author has rightly pointed out to overcome the country’s problems of poverty, corruption and bad governance is through the effective formulation and implementation of groups or organization, skills and micro-credit popularly known in Nepali term as 3 ‘SA’ (*samuha, seep, sano-punji*) at the local level (Regmi , 2010)

Siti (2007), in his thesis entitled micro credit program and socioeconomic upliftment of women: A case study of MCPW in Chainpur VDC of Chitwan district "Concluded that involvement in the MCPW program has empowered women in varying degree. It has offered opportunities for poor women to come out of their household confines, to organize themselves in groups and to work in procedure and social activities. The program with its focus on group

activities and income generation has helped to enhance the self-confidence and increased right to spend thus increasing the access to resource.

Thapa (2009) has done her research work entitled "Role of NGOs in microcredit program, Issues of reaching the poor women and sustainability of these organizations. A case study of MCPW in Nepal". The main objective of the study is to critically examine overall impact of project on socioeconomic empowerment of the country. From her findings , NGOs are effective in working with women and their participation in projects like micro credit could facilitate in reaching large number of women , so far left out in the development main stream. In the same way the commercial banks, which are financing the NGO's beneficiaries have gained experience and thus found an alternative outlet in reaching additional number of women.

Regmi, (2002) has made an extensive study in this field to analyze micro credit to women for poverty reduction. Study was conducted in Benimanipur VDC, Nawalparasi district taking borrowers as a sample population. Some of the major findings of the study may be summarized as: first of all the program is found as target group oriented because most of the women involved in micro-credit program are relatively poor and having income less than 2000. The study found positive impact of micro-credit program for women on beneficiaries' earning and living standards. Similarly the program has also some positive social impact in terms of child education, family planning, sanitation and other social reforms. Repayment rate is found as 80% in over all programs. However, repayment rate is lower in agriculture activities and higher in business activities. In sufficient supervision due to staff turnover, under staffing and long distance between sites and death of animals due to various reasons are the causes of low repayment rate. Among the sample borrowers 25% has totally paid the loan, 55% partially paid and 20% has not paid at all.

CHAPTER - III

RESEARCH METHODOLOGY

3.1 Introduction to the Study Area

Jhapa is one of the districts in the Mechi Zone in the eastern region of Nepal. The district covers an area of 2,955 square kilometres and has a population of 462,380 according to the census of Nepal (2001). The other three districts in the zone are Ilam, Panchthar and Taplejung. The first three border Jhapa District to its north. There are four municipalities within the Jhapa. The east-west Mechi Highway runs through the Deukhuri Valley, connecting Jhapa with the terai districts of Morang to the west and Jhapa in the east. To the south, the district adjoins Panitanki districts of the Indian state of West Bengal. The caste-ethnicity make-up of the district is diverse, including Tharus, Brahmins, Chhetris, Limbu, Rai, Yadavs, Kumals and Dalits. Tharus are the majority indigenous population, and are spread throughout the district. There are 39 VDCs in Jhapa District, 11 of which lie in Deukhuri Valley and the rest lie in the Jhapa valley. Nagabeli Women's Co-operatives Saving and Credit selected for the case study lies in Shantinagar-5 VDC which is inside the Jhapa District (Crozier and Kafle October, 2010).

4.1.1 Population of the VDC

Total population of this VDC is 18649 with female and male population of 9945 and 8704 respectively. The percentage of population who, solely depend upon agriculture is 65%. About 30% of the people in this VDC are found engaged in business whereas about 14% are engaged in Jobs (Jhapa District Profile, 2062 BS). This VDC lacks developed economic and physical infrastructures. People of this VDC are mixed (middle class and poor). Among poor, some are in such a miserable condition that they have insufficient food to feed their children throughout the year. Women are still engaging on unproductive and only used in reproductive machine. Most of the women of this area are uneducated, poor, untrained or without any vocational

training. (Jhapa District Profile, 2062 BS). 4.1.2 Ethnicity and Caste Composition of the VDC As tabulated in Table 4.1, different kinds of casts and ethnic groups were found in the study area.

This chapter has analyzed the collected data with respect to the objectives of the study. In this chapter, data available from survey is tabulated. It has been included in the district, village and SMCL's profile also.

3.1.1 Geographical Location

Jhapa is one among the four districts of Mechi zone of Eastern Development Region. The district is located in the eastern skirts of the country. The district, with the town of as its district headquarters, covers an area of 1,703 km and has a population (2001) of 282,806. It is about 600 km from Kathmandu.. It attracts many researchers who come to study rare birds and tea estate. Stretches from the Terai belt to the upper hilly belt of Himalayan nation. It was one of the ten self ruling states of Limbuwan before the unification of Nepal, its ruler King Hangshu Phuba Lingdom of Lingdom dynasty ruled as a confederate state of Limbuwan until 1813 AD. The treaty between the other Limbuwan states and the King of Gorkha (Gorkha-Limbuwan Treaty of 1774 AD) and the conflict of Gorkha and Sikkim led to the unification of with Gorkha. Jhapa was the last of the ten kingdoms of Limbuwan to join the union of Nepal. The main source of income in this district is wheat, paddy, ginger and potato. This place also has a religious importance. The Devi temples have a great importance attached to them and many people come here just for pilgrimage. The major attraction of is the cornered Arjundhara, . Also known as the abode of the goddess lots of tourists as well as Nepalese people comes to visit this lake. Mai river and its four tributaries also emerge in district. The famous Mane Bhanjyang (Mane pass) connects with Darjeeling district of West Bengal, India.

Jhapa district is situated in the eastern development region of Nepal. It is the easternmost district of Nepal and lies in the fertile plane region. It is bordered by the Mornag district in the north, Morang district in the west, Ilam in the south and the Darjeeling state of West Bengal in the east. . It lies from 70 to 380 meters from the sea level.

The total population of this district according to the CBS, (2011) is 8, 12,650 out of which 3, 85,096 are male and 4, 27,554 are female. The total household numbers is 1, 84,552. The caste-ethnicity make-up of the district is diverse; including Bramin, Chhetri, and ethnic communities like Rais, Limbus, Tamangs, Gurungs, Newars, Yadav, Danuwar, Chaudhary, etc. is diverse and rich in culture and tradition due to influences of its different tribes. All the ethnic groups have their own language, customs and traditions and they celebrate their festivals every year. The main occupation of the people is farming while some others are involved in small business, services, production, and professional, technical, labor, administrative related jobs.

Due to its alluvial soil best suited for agriculture is the major cultivating sector in district percent 87% of people are depending upon the agro-production. Beside cereal crops like rice, maize and millet, it is also one of the largest producers of tea, cardamom, ginger, chilly, milk and other cash-crops.

3.2 Research Design

This study is carried out on the basis of exploratory as well as descriptive research design. Moreover, the study is found out the actual role of Cooperatives in IGAs and its impact on rural development. In this regard, it is an exploratory cum descriptive research. In addition, case study is applied in the sampling Households.

The present study has been conducted mainly on descriptive research methodology which can be supposed the basis of this study. Some statistical tools and its interpretation have also been used in this thesis to make the research more empirical. In other words, information and data have been collected and analyzed using descriptive method with tabulated data. In addition to this special attention had given in collecting in-depth data and emphasis has been also given to the cultural and religious variables.

3.3 Selection of the Study Area

Nagabeli cooperative Saving and Credit Cooperative, Shantinagar-5 VDC, Jhapa is selected for this study due to the following reasons :

- 1) Easy accessibility to the area and data.
- 2) Researcher is better familiar with the area.
- 3) No such study has been done so far in the area.
- 4) Mobilize within the available limited resources.
- 5) It is multi-dimensional Cooperative.

3.4 Nature and Sources of Data

Data collection is an important part of any research work. Until and unless the data are properly collected, any study cannot be completed satisfactory. For this study also, data have been collected through various techniques. The data, which are used in this study, are of two types, primary and secondary. Primary data have been collected by the researcher personally conducting the field survey through the help of a well structured pre-tested questionnaire and also a checklist to obtain information from the people besides the actual responding whereas the secondary data have been taken from various published and unpublished books, VDC records, articles and writings of the other people. Further publications and reports of Cooperative department, publications of Cooperative training center, related journals and publication, Master's Degree dissertations is also widely used for this study as the secondary source of the data.

3.5 Sampling Procedure

The area of this study is selected by using purposive sampling. There are 152 shareholders who have more than five thousand rupees. It also has other members who occupy only minimum balance. Out of the 130 shareholders, 20 households are taken as sample by using simple random sampling method.

3.6 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.

3.6.1 Households Survey

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

3.6.2 Observation tool

Cooperative organizations and members are visited and observed. The photographs is shown the pictorial representation of the actual ambient situation of the Cooperative societies. So observation is proved more fruitful and important tool to find out and present the vivid real picture and condition of the area in the study.

3.6.3 Focus Group Discussion tool

FGD is applied to those respondents who can not speak in front of other members confidently. For this study, female members of this organization is taken as focus group in five members.

3.7 Data Analysis

After collection of primary raw data tabulation is 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 is analyzed in tabulated form and qualitative is analyzed in descriptive method.

CHAPTER-IV

DATA ANALYSIS AND INTERPRETATION

In these chapter social, economic and demographic characteristics of selected women who are involving in MFLs is presented through the help of primary sources of data. This indicators help to compare the socio-economic status of study area and sample population.

4.1. Sex-wise Distribution of the Respondents

Male and female both can become member in this co-operative. There is no gender disparity to get the membership. Key informant interviewed mentions that female participation is higher than male in this institution. Only female are in the board of this co-operative.

Figure 4.1 Sex-wise Distribution of the Respondents

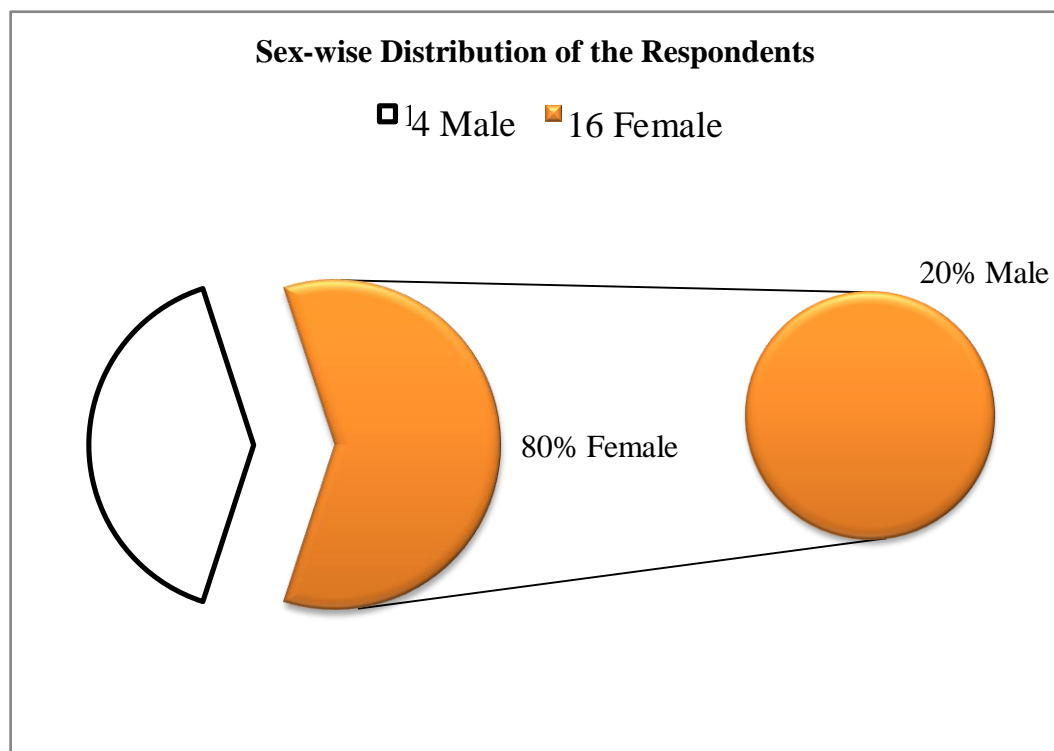


Figure 4.1 shows the sex-wise distributiSource: Field Survey, 2016 at
60 percent female and 40 percent male respondent are participated in SMCL.

This fact shows that female number participation is higher than male number in the study are

4.2 Caste Structure of the Respondents

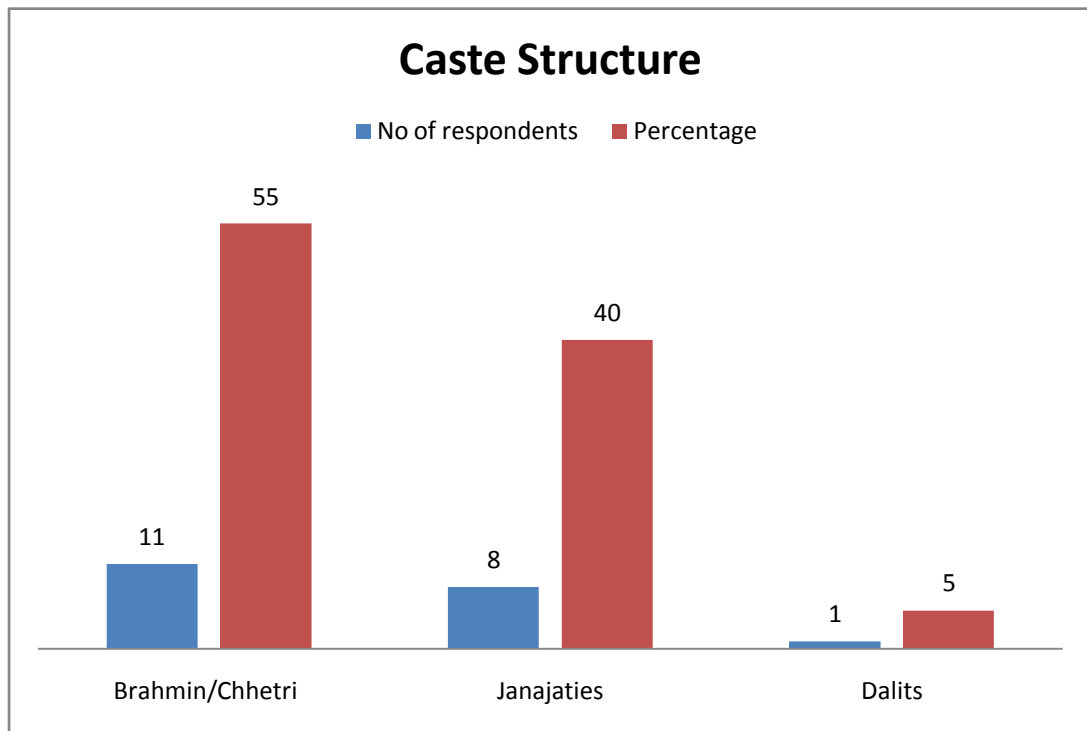
Majority (55%) of members belonged to Brahmin/Chhetri, while 40% belongs to *Janajaties* women and 5% were Dalits, the low caste. There are more upper caste members in this cooperative. There are more members belonging to different Brahmin/Chhetri and *Jaanaajaties* in the NCSCC. This data is consistent with the observation that NCSCCs run by women tends to have a strong women's empowerment agenda.

Table 4.1 Caste Structure of the Respondents

Castes	No of respondents	Percentage
Brahmin/Chhetri	11	55
Janajaties	8	40
Dalits	1	5
Total	20	100

Source: Field Survey, 2016

Fig. 4.2 Caste Structure of the respondent



4.3 Age and Sex Composition of Respondents

Whether a population is young or old, or getting older or younger depends of the portion of people at different age group. In general, total population age range is 16-60 years. Age structure is affected by the fertility, mortality and migration (NPR, 2007). Independent and active age group of population has a significant role in the overall development of the society. Researcher has identified three groups of population interval among sample household. The following table depicts age and sex structure of sampled population.

Table 4.3 Distribution of Respondents by Age/Sex

	Male		Female		Total	
	Number	Percent	Number	Percent	Number	Percent
0-15	-	-	-	-	-	-
16-59	-	-	20	100	20	100
60 and above	-	-	-	-	-	-

Source: Field Survey, 2016

4.4 Civil Status

More than 65 percent members surveyed in NCSCC are married. Only 35 percent are unmarried.

Table 4.3 Civil Status of respondents

Status of Women	Number	Percentage
Unmarried	4	20
Married	16	80
Widowed/Single	0	0
Total	20	100

Source: Field Survey, 2016

4.5 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 4.4 Distribution of respondents by Educational Status

Level	Female Population	Percentage
-------	-------------------	------------

Illiterate	-	-
Literate	14	70
Educated	6	30
Total	20	100

Source: Field Survey, 2016

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 +2 and above.

4.6 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.

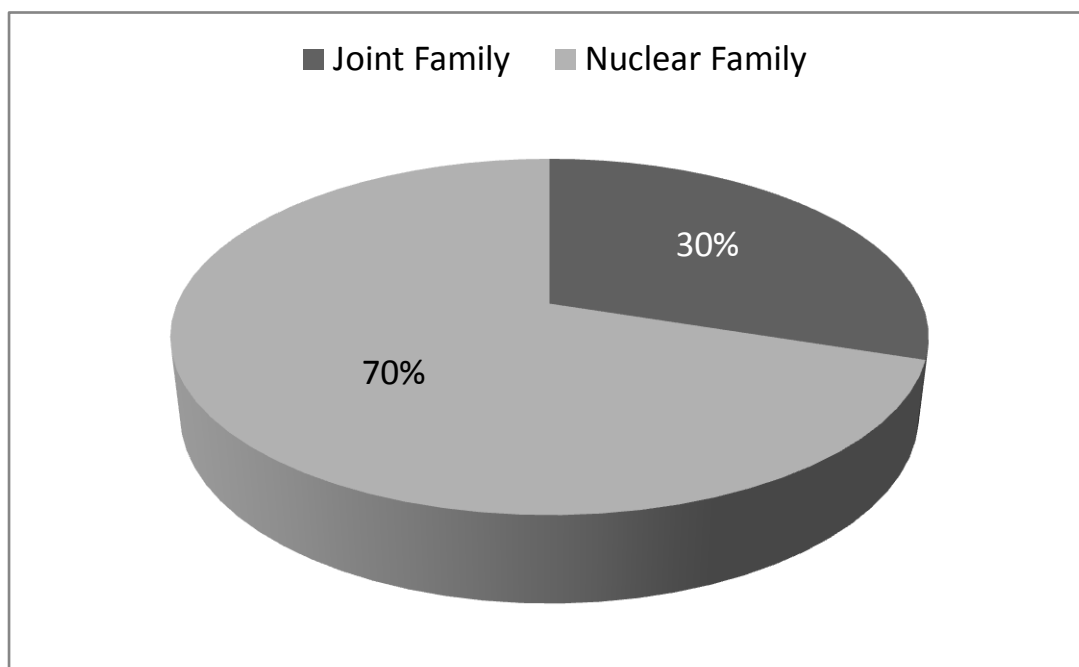
Table 4.5 Distribution of Respondents by Family Type

Family Type	Numbers of HHs	Percentage
Joint Family	6	30
Nuclear Family	14	70
Total	20	100

Source: Field Survey, 2016

The table no 4.5 and figure no. 4.2 shows that Exactly 30 percent of the family in the study area has been found as joint family whereas 70 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.

Figure no 4.4 Distribution of Family Type by Diagram



4.7 Economic Characteristics

Women make substantial contributions to uphold Nepal's economy. The status of women study completed in early 1980s established that women and girls together contribute more than 53 percent of the household income in rural household of Nepal. Several studies (Stri Shakti, 1995, Ojha 1989, MOA 1993a, 1993b, 1993d 1994) in subsequent years have reconfirmed that women's labor contribution of Nepalese agriculture is substantial and at least equal to that of men.

To foster women's increased participation in the market economy, access to economic opportunities such as secure savings, non-collateral credit, and business skill trainings are vital. Training enables women to access capital and to start of expand their own income generating micro-enterprises. This, in turn, will expand household income (Beijing and Beyond, 2004).

4.8 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 14 depicts the average landholding size of the study area.

Table 4.6 Distribution of Respondents by Size of Landholding

Types of Land in Bigha	No. of Household	Percentage
Landless	6	30
Land owner	14	70
Total	20	100

Source: Field Survey, 2016

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.

4.9 Occupations

Occupational structure is a good indicator of employment of opportunities, both for men and women. The 2010/11 NLSS (CBS, 2011) has collected information on primary secondary and subsequent occupations. A person occupation has been defined as primary if he\she had devoted most hours of work in the preceding twelve months to this activity. The following table illustrates the main occupation of the households and respondents in the study area.

Table 4.7 Distribution of Respondents According to Occupation

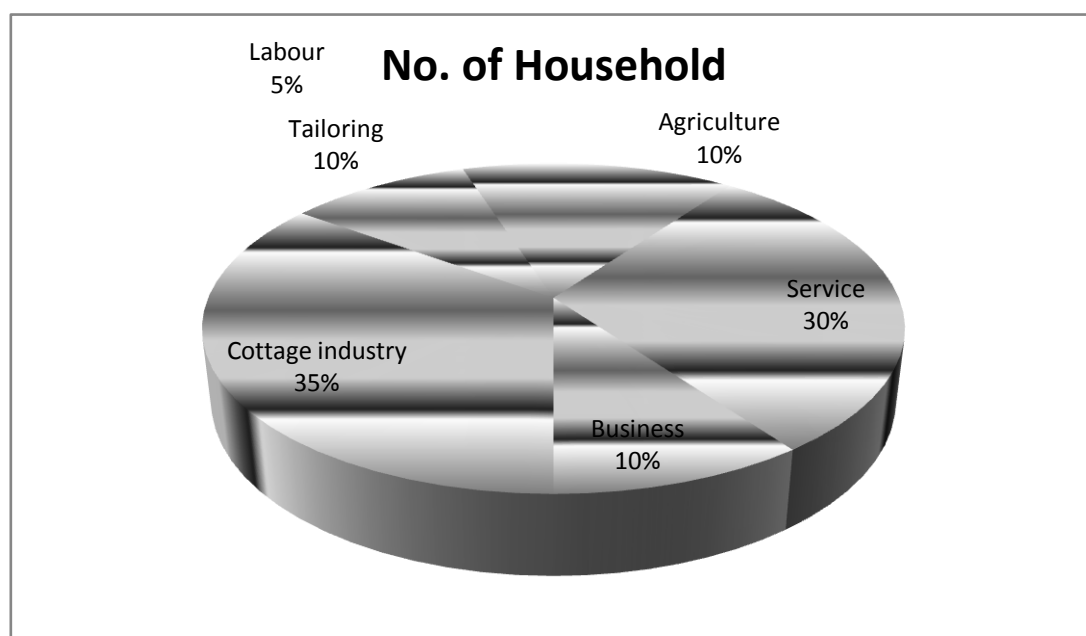
Main Occupation	No. of Household	Percentage
Wage labour	2	10
Agriculture	6	30
Service	2	10
Business	7	35

Cottage industry	2	10
Tailoring	1	5
Labour	-	-
Total	20	100

Source: Field Survey, 2016

The table no 4.7 and figure 4.3 shows that clearly that majority of the respondents' main occupation in the study area has been found business. According to respondents 35 percent of them have been involved in Business. After that the second majority of the respondents' main occupation in the study area has been found in agricultural sector.

Fig no.4.5 Respondents According to Occupation



4.10 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 yearly per capita income below US\$ 365 are poor. the exchange US\$ into NRs is unstable, it varies from 75 to 80. So, average exchange rate NRs 77.5 has been used to calculate yearly per capita income in Nepalese currency, which becomes NRs50000. Those cooperative members, whose yearly per capita income is below NRs 50000, are grouped as poor.

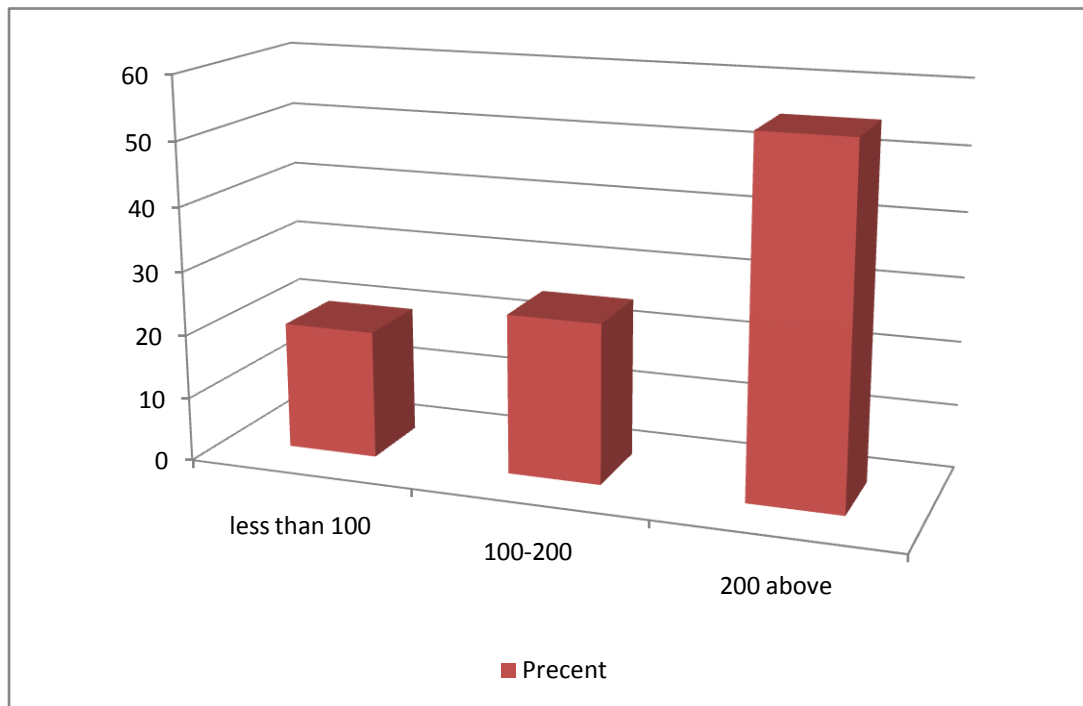
Table 4.8 Annual Household Income of Respondents

Income in NRs (000)	No. of Respondents	Percent
Less than 100	4	20
100-200	5	25
200- above	11	55
Total	20	100

Source: Field Survey, 2016

The table no 4.8 and figure no. 4.6 shows the annual income of the cooperatives members in NCSCC. According to the survey, out of 20 respondents, there are 4% households who have less than NRs. 100000. At the same time 25% households who have 100 to 200 thousands annual income respectively. The annual income of 55% households have 200000 above.

Figure 4.6 Annual Household Income of Respondents



4.11 Rural Women Empowerment

4.12 Social Conditions of Respondent in Study Area

In general, the objectives of any development programme are to bring positive change in the community and to uplift the life standard of the poor, disadvantaged and backward segment of the society. The programme may bring either good or bad impact in the society based on caste/Brahmin/Chhetri. The researcher has found positive change occurred by cooperative programme in phidim municipality. The following table depicts the social impact on household through the cooperative.

Table 4.9 Social Role of Saving and Credit Cooperative in Rural Women

Social Condition	Yes	No	Total Percentage
Occupational successful	100%(20)	-	100
Family Breakdown	0%(00)	100%(20)	100
Conflict in Family	-	100%(20)	100
Use of Outside Labor	0%(00)	100%(20)	100

Source: Field Survey, 2016

The table no 4.9 reveals that only 100 percent respondents are successful in their occupation. No one has found suffer from the family breakdown due to the impact of cooperative in the study area.

CHAPTER - V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The majorities of women in Nepal are illiterate and engaged in agriculture and agricultural activities for their livelihood. The status of women is very low to that of male. So the improvement of women status is a vital issue.

Women are important sources of energy for the development and their groups can be an effective channel for funds aimed at meeting the needs of the poorest people in rural areas of the third world. Their potential can be realized if they are integrated into the whole spectrum of development programs, rather than relegated to the marginal sector currently reserved for men.

In recent years there has been a growing realization in many nations regarding the importance of women's participation in the development process and the need for their advancement. As a consequence numerous national as well as international organizations have been established which carry out programs varied in nature and target at enabling women to become aware of their situation and their potential to gain relative economic independence together with a better position in their household as well as society. Provision of credit is aptly regarded as one of the potentially strongest forces to propel action toward achieving this goal. Micro finance, since its evaluation has been proved as an effective tool to strengthen various programs for poverty alleviation and itself as a way to attract investment.

In the rural area of Nepal, women are facing different types of economic and social problems. The efforts of the government and international organizations to solve these problems and encourage women to participate in the development activities of the nation, have led to effectively mobilize their participation of human resources for development. This study shows that this

program is helpful to solve this problem as an instrument to the women's development.

Realizing this fact, 'Group' are undertaken in most of the rural areas of Nepal and this study is carried out to analyze the comparative study of status of women before joining and after joining group. Confidence building, taking leadership social awareness is some of the major indicators of empowerment.

To study the empowerment of women through micro credit, this research is conducted in Santinagar-5, Jhapa District. A sample of 20 households was taken for study that was participation of group.

The factor contributing to the success of group lie in its integrated approach to women's development and the emphasis placed upon mobilizing women to top their existing skills and knowledge to motivate them to improve their lives.

Income alone does not raise that status of women. The problem must tacked both socially and economically by raising the awareness of women and all community members.

Under this program Santinagar-5, Jhapa District is being benefited. It has served women from side varieties of ethnic group including brahmins, chhetri, limbu, rai, newar, tamang, tharu, thakali, yadav, kami and others.

5.2 Conclusion

The study has shown that as financial intermediaries, the NCSCC is able to meet only some practical financial needs of its members, specifically basic saving and credit services. However members have expected their NCSCC to provide more (in terms of larger amounts) and other types of financial services. The members have expected that these financial services come in various forms, namely: 1. Savings accumulated in ways that are more compatible with the seasonality of their income, which in a large majority of

members are also limited; 2. Affordable and regularly available credit or loans; 3. Funds that members can access for specific social purposes such as health (in case of illness, reproductive health), and accident and, funds that increases the stability of their savings and loans. These needs expressed by the respondent's members are related more to their practical need for security and strategic interest of owning land.

The study has shown that the non-financial, developmental activities carried out in the NCSCC 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. NCSCC also carried out community-development-related activities. These services/activities met the members' practical needs for literacy, good health (particularly nutrition, reproductive health, and awareness on HIV/AIDS) and sanitation, and practical skill needed in livelihoods. The rural women's empowerment services/activities addressed the strategic interests of women, especially those that were related to awareness of women's rights.

The NCSCC model was found effective in providing financial and social services for the Terai-based communities. NCSCC '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 NCSCC 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 illiterate adult literate. NCSCC 's community development activities have been recognized in the community. Increased incomes and knowledge generated by training and exposure programmes helped in empowering the women members. The NCSCC has, therefore, a

role to play in poverty reduction and development in Terai areas.

Although NCSCC has good outreach, it has problems in reaching the ultra poor in its working area. Its membership being voluntary, those women are aware and literate, join the programme and the poor are left behind. They had no special programme that emphasized motivating the poor to join them.

The activities of NCSCC have been 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. Wider role included but it has to face the challenges to the following areas:

- Decrease in existing interest rates, especially of money lenders, in the working area of NCSCC,
- Availability of better financial services for the people in the phidim.
- Establishment and expansion of markets in communities,
- Creation of social capital such as group solidarity among members,
- Use of solidarity for exerting pressure against social problems,
- Increase in women's involvement in household decision-making process.

5.3 Recommendations

The following recommendations has been suggested for further Empowerment of the NCSCC program in the future.

- Strengthen NCSCC 's capability in financial management and investment including the identification, design and delivery of other financial products and services.
- NCSCC should further try to meet member's practical needs for basic literacy as well as advanced literacy (for those who had gone through the basic literacy course), health care, livelihood (for example, a training on caring for and maintenance of livestock would be useful to many member's and education for their children and for themselves

and their strategic interest to be protected from violence as according to members, these are the needs they need more assistance on.

ANNEX - 1

Role of Co-operative in Income Generating Activities

(A Case Study on Nagbeli cooperative Saving and Credit Cooperative, Santinagar-
5 VDC of Ilam District)

QUESTIONNAIR

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

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 ?

- | | |
|---------------------------|--------------------|
| 1) Year family perception | 2) Education |
| 3) Health | 4) Living standard |
| 5) Any other (specify) | |

30. Except income generating activities, what type of the activates 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) Out side 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.

iv

iv

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Annex ii
Pictures



Group Discussion



Cottage Industry



Business



Agriculture



Cass Crop Farming



Poultry Farming