

ROLE OF COOPERATIVE IN INCOME GENERATING ACTIVITIES FOR RURAL DEVELOPMENT

A Case Study of Janata Bachat Cooperative Ltd. Bhimdatta-8, Kanchanpur District

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**By
SURENDRA BAHADUR SINGH
Central Department of Rural Development
Faculty of Humanities and Social Sciences
Tribhuvan University, Kathmandu, Nepal
Symbol No: 280319
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ABSTRACT

The present study has focused "Role of Cooperative in income Generating Activities for Rural Development" of Kanchanpur district. This study aims to find out the contribution of Janata Bachat in local employment generation, impact of its by assessing credit and to examine the effectiveness of cooperative for income generating activities of Bhimdatta - 8. The design for the study was descriptive design. It was mainly based on quantitative research approach. The researcher selected 100 respondents among 500 shareholders through simple random sampling method.

Cooperatives are the main instrument for small business, agricultural production as well as income generating activities. The particular area is chosen for the study because it is easily accessible and heterogeneous in socio-economic and geographical structure. The study assess the roles played by cooperative societies' savings and loans services on members' economic condition, standard of living and in meeting participants financial needs in rural locations in income generation. Using a combination of questionnaire survey and key informants interview, the research is carried out to find the role of cooperative in generating income from different activities assisted by cooperatives.

From the study the researcher concluded that most of the members are involved in business sector. The educational status of the respondents were highly of bachelor levels i.e. about 70 percent. About 80 percent of the members were informed by the help of electronic media. About 50 percent of the respondents were given job in the cooperative itself and approximately 25 percent were provided loan to do the business. About 50 percent of the respondents changed their attitude after entering into the cooperative.

This cooperative had developed irrigation project, managed road and helped in the economic growth of the study area. About 56 percent of the respondents took credit through cooperative society. The interest rate for credit distribution provided by cooperatives is approximately 13 percent. About 60 percent of the respondents did not took credit because enough loan is not given. About 64 percent of the respondents took credit from the cooperative because of easy loan procedure.

This cooperative had given awareness program, skill training and service in cooperative for the people of the study area. About 60 percent of the respondents got information providing sources from community interaction. Commercial banks are the main sources of credit provider. Approximately 90 percent of the respondents sold their agricultural production through open market. About 90 percent of the respondents were satisfied from the distribution of the loan. About 40 percent of the respondents had invested in the Janata Bachat. This cooperative increase social and economic relation, exposure, empowered and access to formal financial institution.

By Virtue of having volunteer groups of people, with motives of people oriented, self help and meeting basic need of communities through collective action, Cooperatives are essential organization for rural development in Nepal.

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CHAPTER - I

INTRODUCTION

1.1 Background of the Study

A Cooperative is a voluntary organization of persons with limited means to safeguard their needs and interest. Principally, Cooperative is 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).

Cooperatives are defined as “an autonomous association of persons who unite voluntarily to meet their common economic and social needs and aspiration through a jointly owned and democratically controlled enterprise (ICA, 1995). Cooperatives are established by like-minded persons to pursue mutually beneficial economic interest. Researchers are of the opinion that under normal circumstance Cooperative play significant role in the provision of services that enhance agricultural development. Regular and optimal performance of these roles will accelerate the transformation of agriculture and rural economic development.

The main aim of cooperative development has been to bring about social and economic up liftment of the poor farmer by "Pooling their small capital, fragmentary land and limited labor". 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. The cooperatives are based on some principles. These principles are the guidelines by which cooperatives put their values into practice. There are seven universal principles of cooperatives.

- Open membership
- Democratic member control
- Member economic participation
- Autonomy and independence
- Education, training and information
- Cooperation among cooperatives
- Concern for community

The evolution of cooperative was due to the industrial revolution. After industrial revolution the laborers and poor persons are forced to work in groups and cooperatives emerged. “Rochdel Pioneers Equitable Society” was considered to be the first cooperative of the world established in 1844 in Manchester of England. It was then extended to the whole world through Europe.

Cooperative movement of Nepal started with the establishment of Department of Cooperative in 1954 (CEDA). “Bakhan credit cooperative limited” was the first cooperative of Nepal established on Chaitra 20, 2013 B.S. 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 association of persons based on a mutual contract (Social contract, by laws) which may be somehow 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. Cooperative's origin is the result of the socio-economic exploitation of uses landlords. Mine 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 of 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 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. The co-operative concept in the form of Guthi, Parma, Dhikuri, Dharma bhakari Dhikuri, Parma, Dharma Bhakari and Guthi are some of the traditional forms of informal Cooperatives (Shrestha, 2007).

They have 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 then government established the Department of Co-operative under the Ministry of Planning, Development and Agriculture in 1953 A.D (2010 B.C). The modern cooperative movement initiated from Rapti Valley (Chitwan District) as a part of flood relief and resettlement program. At the first time 13 credit cooperative societies established in 2013B.S. were provisionally registered under the executive order of the then government which got legal recognition after the enactment of Cooperative Societies Act 2016B.S. (1959A.D.). The first Co-operative Societies Act was revised several times and it was replaced by the Sajha Societies Act in 2041B.S.(1984 A.D.). After the restoration of multiparty democracy the Sajha Societies Act was replaced again by the Co-operative Act 1992. The Department of Co-operative has provided the authority for registration and regulations of co-operative societies/unions/federations under the Acts.

The interim Constitution of Nepal, 2063 has considered Cooperative sector as one of the three pillars for national development. Several types of cooperatives societies operated in the country are Saving and Credit, Multipurpose, Dairy, Agriculture, Fruits and Vegetables, Bee Keeping, Tea, Coffee, Consumers, Energy, Communication etc. including production, financial and service. Nepal has initiated its cooperative movement after 1950 A.D. Policy and programs launched by the government have emphasized the importance of Cooperative modality to maintain peace in the society by means of self employment and to expedite the development

works. It is believed that some 3 million people are already affiliated so far in more than 20000 cooperatives and more than 50000 people are employed directly in Cooperative business.

With the restoration of democracy in 1990 and promulgation of a new Cooperative Act in 1992, there has been resurgence in the cooperative movement in Nepal. This is evidenced by the fact that the number of registered cooperatives has grown to 9362 (Statistics on Nepalese Cooperative Societies & Unions, Government of Nepal, Ministry of Agriculture & Cooperatives, Department of Cooperatives, 2007, July 9) as of the record up to April 13, 2007, compared to 830 in 1990. With the increase in number, cooperatives have diversified their involvement in micro & medium level enterprises. Indeed cooperative sector is flourishing one of the largest private sector business enterprises in Nepal. One of the factors that have contributed to the rapid expansion in both the number and the enterprise coverage of cooperatives is the new policy and legal regime allowing grassroots based spontaneous initiatives of communities to organize themselves into cooperatives for doing business and serving the communities. This is in contrast to the government led and government directed cooperatives prior to 1990. The development of cooperatives in Nepal can be presented in the following table separating them into two tables viz from 1953 to 1990 and from 1992 to 2012.

There are presently nearly 9,362 primary cooperatives and these are federated into a number of subject-specific cooperative unions at the district level (72), district cooperative unions (49), central cooperative union (5), and 1 national cooperative bank. The National Cooperative Federation is the apex level representative body of all the cooperatives at the national level. Among the five central level cooperative unions, there is one each for dairy, coffee, fruits and vegetables, consumers, and savings and credit.

Cooperatives operate very much like other businesses. They must serve a market efficiently and effectively, they must be well managed, and they must survive financially. However, there are important distinctions that make cooperatives unique. Laidlaw (1974) examines the difference between cooperatives and other businesses in relation to three main groups of people responsible for bringing them into existence and keeping them in operation.

The three groups are: the persons who own them (the shareholders, the investors), the persons who control them (the effective decision makers) and the persons who use them (the customers). According to him, in typical capitalist business, especially large enterprise and multinational corporations, these three are separate and distinct groups. In small private business the situation is generally much better because of the close connection between shareholders (investors) and control. In a small retail business, for example, the first two components are often identical. But still the users, the customers, are a separate group. In a cooperative, all three come together to form a unity; those who own, those who control, and those who use are one.

As indicated above, it helps the property less to become property owners and so tends to change their outlook on society and life in general making them less easy to stampede in to extreme or reckless action especially in politics, property also gives a sense of security and in the days before the advent of the welfare state with social insurances and public concern for maintaining high and stable employment. The saving deposited with the consumers' Cooperative society constituted an important reserve against hard times the property- owning worker further feels and displays greater independence. Rather than endure oppressive or unhealthy working conditions he can take the risk of changing his employment of at least of threatening to do so, if he can't find any other remedy more significant still are the benefits enjoyed by the younger generation. Much of the members savings confided to consumer Cooperative societies is

eventually with drawn to be spent on education not only in school and college fees, but also in contributions to maintain of children and young people for longer periods at school or college. These wider education opportunities open the way to a greater choice of employment.

Emergence of Cooperative in Rural Development

In Great Britain, the first propounded the concept of Cooperative by Robert Owen in the idea of Cooperative was brought in to eight in the beginning of the 19th century (Haijata, 1994). In England with initiating the saving from group of factory workers comprising 28 members an organization Rochdales society of equitable pioneers was established in 1844. It made expansion in the area of flour, milling, textile and shoe factory (Kunwar, 2006).

In U.S.A. at a time when rural and agricultural development were synonymous. Teddy Roosevelt's 1908 country life commission recommended Cooperatives as a means to improve economics of scale and strengthen the vertical and horizontal linkage in agriculture production, input supply and infrastructure development for rural America through this concredited strategy and a series of government programmers'. Cooperatives were formed across rural America. This strategy was one of the most comprehensive and successful rural development strategies ever created and funded by the federal government (Cooperative Journal, 1999).

In Russia, the first Russian Cooperatives appeared during the Czrist Empire in the 1860s. In 1865, the first consumers Cooperatives appeared and were joined also by the first agriculturally oriented credit Cooperatives as evidenced by a special governmental legal Act. Cooperative development, originally limited to rural areas expanded further and spread into the commercial sectors of the cities. (Kunwar, 2006)

In Poland, the housing Cooperative society was established in 1928 through peasant self-aids. The government had given them with the test of dialing up extra land, which was taken

from the big state amount of the peasants because peasant self aids were run on Cooperative lines they were long before interpreted into Cooperative movement.

In the control and Eastern Europe, K. Marx and F. Engels had not outlined of Cooperative theory but had developed some fundamental ideas on the topic of Cooperative which were inserted into their overall theory. In fact Marx wrote that "In order to turn social production" to a complete and harmonic system of free collective labor, overall social changes are necessary changes of general conditions of the society, that can only come in to being through a ship of the organization of the society, i.e. state authority, which has to be taken out of the hands of the capitalists and the landowners and to be put into the hands of the producers themselves.

Modern Cooperative organization has been a long process of ideological and conceptual controversies as well as trial and error. Social philosophers, philanthropist's professional groups. Cooperative members and politician propagated in various forms the idea that socio-economically weak persons should establish Cooperative owned enterprises of promotional services. Which needed to increase their income and improve their socio-economic situation as well as Rural Development activities. Cooperative today are in operation in all the economic systems prevalent in the world, private or capitalist market economics (USA, Germany, Western Industrialized countries or Japan).

With a per capita income of around US \$ 250. (CBS, 2001) Nepal remains one of the poorest countries in the world, the poorest in the South Asian region. Its main problem is poverty. To develop the Nepal, there are big requirement of capital and technology. Without Rural Development all venture wouldn't be effectiveness. So many potentiality are still we have but we couldn't success. So, Cooperatives are the main instrument for the Rural Development.

Cooperative is an extremely useful tool to promote any sector of economy with limited resources particularly the rural development sector. For this, market access should be ensured right institutional framework established and government support and incentives even if in a time bound manner should be extended. If these aspects can be ensured, Cooperatives movement will defiantly take a forward looking shape. This will ensure Rural Development and will facilitate the faster growth and development of Nepal in a suitable manner while targeting to its primary problems of poverty, inequality and unemployment. Capital formation can be defined as the transfer of savings from households and governments to the business sector, resulting in increased output and economic expansion (www.wikipedia.com).

The growing need for credit and access to the basic necessities of life and articles of trade led to the formation of most of the co-operative societies. Co-operatives vary in meaning for different purposes and with the profession of the people. Regardless of the type, size, geographical location or purpose, cooperatives provide a unique tool for achieving one or more economic goals in an increasingly competitive global economy. These goals include achieving economy of size, improving bargaining power when dealing with other businesses, purchasing in bulk to achieve lower prices, obtaining products or services otherwise unavailable, obtaining market access or broadening market opportunities, improving product or service quality, securing credit from financial institutions and increasing income (RBCDS, 1995).

The present study focused on the role and effectiveness of Janata Bachat Cooperative, Kanchanpur. All the activities of Cooperative institution like financial condition, deposit, credit utilization, working efficiency, efficient use of assets loan recovery, loan distributions as well as weakness and strengths of the Cooperatives.

1.2 Statement of the Problem

The Cooperative sector has been accepted as an important partner for accelerating Nepal's Rural Development. It is a voluntary organization owned and promoted by members for mutual benefits through collective efforts.

Nepalese economy is based on agriculture as in several countries of the South-Asian Region Agriculture contributes more than 40.22 percent to the total gross domestic and it has been a source of livelihood for almost 80 percent of the total population. (CBS, 2001).

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. Agriculture development means to obtain higher production. And it is obvious that higher production requires preceding inputs. These inputs consist not only exclusively in material but also in immaterial items (Wolf, 2004). The material inputs like fertilizer, irrigation, improved seeds transport facilitates, technical assistance etc. are well known. The immaterial inputs refer to mental change and change of attitude that have a permanent importance in any kind of development process.

In Nepalese situation modern methods of agriculture mean to improve old techniques and to leave old habits and hence it is necessary to take proper education and training. Modernization of agriculture is an urgent need methods of cultivation need to be improved. So, it needs agricultural credit, improved seeds. Fertilizers and insecticides; and agricultural development program can be launched through an established institutional system.

Though Cooperative movement was started since 1953 in democratic Nepal and still continuing, it couldn't touch the fringe of population and almost, remained only to a fuel well

established points in the country (Jha, 1978). Cooperative movement in Nepal is still being continued, but it has not got grand success. Moul 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".

1.3 Objective of the Study

This study examined the role of Cooperative in income generating activities in rural development in Bhimdatta Municipality, Kanchanpur.

The specific objectives of the study are as follows:

- To find out the contributions of Janata Bachat Cooperative in local employment generation.
- To analyze the impact of Cooperative by accessing credit for Rural Development.
- To examine the effectiveness of Cooperative credit for income generation activities.

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 an agricultural country and livestock farming is one of the components of agriculture. There are so many problems regarding with the agricultural practices.

Though this study make an effort to analyze only the effectiveness of cooperative credit for the rural development. All the varieties of the process which are the key indicator of the rural development process. Without agricultural transformation Rural Development is impossible.

1.5 Limitations of the Study

This study had the following limitations:

- The area of the study was limited in Bhimdatta Municipality, Kanchanpur.
- The sampling procedure of this study was simple random sampling method and 100 respondents were taken as sample.
- This study had applied the questionnaire survey and KII to collect primary information.
- This study had completed with the limited time and effort. So that, it may not be generalized to other areas.

1.6 Organization of the Study

This study was organized into six chapters. The first chapter is an introduction of the subject matter which includes background of the study, objectives and rationale of the study. Similarly, various studies are made in the second chapter through review of the literature. The third chapter is about research methodology of the proposed study. The fourth chapter is the description of the study area. The fifth chapter is data presentation and analysis. The six chapters are focuses on summary, conclusion and recommendations.

CHAPTER - II

REVIEW OF THE LITERATURE

Literature review is one of any research work for this research work the literature review will be 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 will be reviewed.

2.1 Theoretical Literature

The philosophy of cooperation is evolved around 18th century in Europe with the notion of protecting economically poor people from the exploitation of economically powerful (Subburaj, 2003). Co-operatives are democratically owned and governed enterprises guided by the values of self-help, self-responsibility, democracy, equality, equity and solidarity. They put people at the heart of their activities and allow members to participate in the decision-making (Kimberly & Robert, 2004). Cooperatives generate considerable socio-economic benefits to their members. From the economic stand point, cooperatives improve income and bargaining power of their members. While the social purposes of cooperation are more diverse than economic purposes. They provide a unique opportunity to members to education and training; encourage active participation in meetings, committee membership and leadership positions (Majurin, 2012).

A study has been taken by Man Bahadur B.K. on the financial analysis of Nepalese Cooperative societies with reference to district Cooperative association Ltd. Banepa, Kavre. The objective carried by this study was to analysis the strengths and weakness of the association on the basis of financial statements and their behavior. The study concluded that organization's liquidity position was satisfactory but it had invested its fund in current assets unnecessarily. The

assets utilization position of the organization was not satisfactory due to loss and inefficient debtors management. The association had not maintained its appropriate leverage position due to its improper management of funds and sundry creditors. The association was suffering from the operating loss throughout its study period. On an average there is an operating loss of 0.92 percent per year. The financial performance of the association was found very weak. He has suggested that the Cooperative should maintain the political neutrality. If managed and utilized properly, Cooperative could be the backbone for the economic development of the country it would have been the best very mobilize the scattered saving of the small farmers and labours and the country would have been moving towards a golden tomorrow walking on the way of Cooperative movement.

Co-operatives contribute to poverty reduction by increasing their members' access to financial and other assets (including information), thereby allowing small farmers to increase their productivity (e.g., by allowing them to purchase seeds, fertilizer, transport and storage) and, as a result, their incomes (Wanyama, Develtere & Pollet (2008); DFID (2010a); Gicheru (2012)).

By generating economies of scale, and improving their members' bargaining power co-operatives make markets work better for poor people and thereby help create more equitable growth (e.g.: DFID (2010); Gicheru (2012)). For example, they enable small farmers to benefit from higher food prices and other market opportunities, and to better mitigate the negative effects of food and other crises (FAO, 2012). Also, they help small farmers capture more of the value chain, e.g. by getting involved in processing activities (DFID, 2010a).

Overall, agricultural co-operatives are commonly seen as a highly effective organizational framework that allows isolated small farmers to organize themselves towards self directed economic development (Wanyama, Develtere, & Pollet, 2008).

A similarly positive role is generally attributed to multi-purpose and credit co-operatives. By providing their members with access to small loans – which otherwise are difficult or impossible to obtain for poor people – they enable individuals to support their own self-employment, be it through retail shop keeping, farming or keeping livestock (Birchall & Simmons (2009); Gicheru, (2012).

Cooperative is a business enterprise organized, funded and managed by and for its member patrons, the main purpose the establishment of Cooperative is to protect the interest of the people from low and medium level income by providing goods and services when required at fair prices. Similarly, the farmers and procedures can get the equitable prices of their products from the Cooperative, farmers with small plots of land can join joint farming Cooperatives and so on. For this the international labour organization has conceptualized the term Cooperative as 'An association of persons usually of limited means who voluntarily joined together to achieve a common and through the formation of a democratically controlled business organization, making equitable contribution to the capital required and accepting a fair share of risks and the benefits of the under taking (Kamat, 1978).

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The international labour organizational (ILO) has taken the Cooperative and Cooperative as follows. "Cooperative in the widest sense means the union and the coordination of the resources and endeavors of each individual in a joint effort to achieve the results sought offer by all. A Cooperative society is an association of persons carrying in number who are grappling with the same economic. Difficulties and who voluntarily associated on a basis of equal rights and obligations, endeavor to solve those difficulties. Mainly by conducting at their own risk, an under taking to which they have transferred one or more or such of their economic functions as correspond to their common deeds and by utilizing their understanding in joint Cooperative for their common material and moral benefit, (ILO Cooperative, 1956).

2.2 Empirical Literature

NRB (1972) conducted a study on agricultural credit by selecting 52 village panchayats (Terai 35 and hills 17) of 32 districts (Terai 20 and Hills 12) by using techniques of stratified random sampling. The Bank Survey concludes that the Cooperative as a grass-root level organization should be equipped with all necessary aspects of agricultural development, i.e. technical assistance, supply of inputs, supply of credit and marketing of the product.

Another study was conducted by NRB (1984) in 1980/81 to evaluate the activities of Sajha institutions and it was the firth evaluation report of Sajha institute. There were 532 Sajha

operating 30 districts of the kingdom. And as in the previous years, 20 percent has considered reasonable for this study. Therefore, altogether 104 Sajha (117 in hill and 87 in the Terai) were selected.

NRB concludes that the loan disbursement per Sajha in comparison with that of previous years (1979/80) was declined by 28 percent. Similarly, the recovery was less by 22 percent than the previous years. In the marketing activities, the average sale of agricultural inputs per Sajha increased by 3 percent, whereas the sale of agricultural product declined by 32 percent in comparison with the years of 1979/80. About the income and expenditure of Sajha institutions the study revealed that out of 91 Sajhas, 40 percent were in loss as against 27 percent during 1979/80. Thus this study showed the less effectiveness of Sajha institutions.

Poudel (1979) answer whether the Sajha societies are financially sound and effective in providing credit to the majority of farmers for enhancing agriculture production.

He concludes that the Cooperative societies in Nepal are neither financially viable nor effective in boosting up the agricultural sectors. The major beneficiaries have been the fuel privileged farmers who have not only misused the credit but also pushed up the societies in to the financial burden. Hence, we should observe the entire structure and operation of Cooperative societies.

Gurung (1978) has studied "New Sajha Programme" with special reference to compulsory saving scheme.

He concludes that it has become very much difficult to regain the peoples faith and good will not only in Cooperative programme but also in governments plan and policies because of the failure of compulsory scheme. The present administrative system of Cooperative, mainly in village and district level. Seems to be more politically oriented rather than economic

consequently, Cooperative enterprises have become less effective to regain the peoples' faith and good will in government activities.

There is broad agreement on the positive role played by cooperatives in view of economic development and poverty reduction (Wanyama, Develtere & Pollet, (2008); Gicheru (2012); FAO (2012), DFID (2010a); Birchall (2003); Birchall (2008)).

In view of agricultural co-operatives it is noted that:

Develtere, & Pollet (2008) that co-operatives tend to have multifold impact on employment and income generation by i) offering wage employment to people working within the co-operative and providing its members with a decent self-employment income, ii) by increasing income-generation through negotiating better prices to improve members' profit margins, and iii) by providing members with loans which are often used for the creation of further employment and income-generation, which, in turn, may spill over to positively affect non-members of the co-operative. However, while not questioning the positive impacts of co-operatives for their immediate members, Pollet (2009) states that based on a survey conducted in nine African countries, data on the direct employment created and/or represented by co-operatives were inadequate, which made it difficult to determine the macroeconomic implications of the co-operative movement.

A study carried out by Shaw (2004) examined the causes of income related impact gap and the reasons for differences between earnings of micro enterprises among poor and less poor clients. The study suggested that, financial support for rural entrepreneurs helps to alleviate ill-effects of poverty. The poor in semi-urban locations have a better opportunity to exit poverty via

any micro enterprises than their rural counterparts. The researcher reported that 25% of households that were initially below poverty line came out of poverty after joining the program. The study concluded that it is harder for poor people in rural areas to get out of poverty than other areas.

Ghosh and Maharjan (2001) study in Bangladesh assessed the role of government sponsored cooperatives in improving the socio-economic conditions of their members. They collected data through questionnaire, observation and case study from both cooperatives and non-cooperative members. They reported that household income for members was higher than non-members, and much higher than the national figure, but it was not tested statistically.

Larocque (2002) found that the total household income for cooperative member was 2.9 times higher than the poverty line. A cross sectional study by Ramotra and Kanase (2009) examined the impact of cooperatives on members' standard of living with the aid of interviews among cooperative members located in twelve villages in India. Sixteen variables were used for the standard of living criteria such as household income, female literacy, educational attainment, land ownership and condition of toilet facilities. The study found a positive correlation ($r=0.71$) between income and household condition which signify positive changes among members after the establishment of cooperatives. They reported that per capital income of the members is on the increase, and cooperatives bring improvement into toilet facilities in members' houses. The study used interview which was reported quantitatively without information on how this was achieved, neither do they specify the numbers of members that formed the sample for the study. Findings at each village were scantily reported individually and were not consolidated in the study. As such, the researchers were unable to provide a particular outcome and conclusion of the study at the village or community level.

Calkins and Ngo (2005) found that members' income increases more than non-members and control group. Significant difference between members and other group was found in Ghana, while the result in Cote d'Ivoire was not significant. Torfi (2011) reported a direct and meaningful relationship between income and social capital. Early members have better income than others who joined the scheme later (Holmgren, 2011).

Likewise Krishna Swami explains the Cooperative in this way, "It is a voluntary and democratic association of human beings, based on equality (of control and opportunity) and equity (of distribution) and mutuality for the promotion of their common interest by meeting their needs but doesn't earn profit for itself as an independent economic unit, at their cost. It is not meant for earning profits from rendering service to others. It is just organized for the benefits of its members; it is their organization. Therefore, the Cooperative business is different from other concerns which are owned and run for the personal profits of their owners by rendering services to others (Swami, Krishna 1978). A study carried out by Shaw (2004) examined the causes of income related impact gap and the reasons for differences between earnings of micro enterprises among poor and less poor clients. The study suggested that, financial support for rural entrepreneurs helps to alleviate ill-effects of poverty.

The poor in semi-urban locations have a better opportunity to exit poverty via any micro enterprises than their rural counterparts. The researcher reported that 25% of households that were initially below poverty line came out of poverty after joining the program. The study concluded that it is harder for poor people in rural areas to get out of poverty than other areas.

Adjei and Arun (2009) examine the depth of an NGO program that used group lending method in the provisions of savings, credit, insurance and training services to the clients in Ghana, using human resources, food security and vulnerability, dwelling and related indicators,

and ownership of household assets as the four dimensions of poverty with the aid of a standardised poverty assessment tools. The researchers found significant difference between clients and non-clients with respect to ownership of sewing machine , refrigerators, radios, beds and mattresses, and expenditure on clothing and footwear. No significant difference was found in acquisition of televisions and gas/electric cookers between the clients and non-clients. They reported that clients have better ownership of accommodation, source of water supply and toilet facility than non-clients. But no difference was noticed in energy for cooking, roofing materials and level of education. In conclusion, the study stated that clients have better standard of living than non-clients. The discussion in the paper suggests a quantitative research in data gathering but the researchers do not specify this. The researchers do not mention if the tool used was quantitative, qualitative or combination of both.

Cooperative has particular approach to the problem of economic life with two germinal ideas, association and use the significance of Cooperative approach to economic life consistent emphasis on social welfare. Cooperatives approaches man as a whole, never disassociated from the social and moral aspect. Thus Cooperative thought has broken new ground in the traditional social thought in which as Prof. F.H. Knight has observed individual has been seriously overstressed to the neglect of the social side of mind, of thinking and the appreciative moral life. Cooperative doesn't look upon man as an economic man of the classical school of economics; in a Cooperative association each member must have in view the welfare of the whole body of member forming the association as also of each of its constituents. This spirit is quite in contrast with that of the joint stock concern, which ostensibly works on the motto 'each for himself'. Here is an attitude for selfishness and spirit of competition and therefore of conflict with others

carrying on similar business. On the other hand the communists work on the principle of each for all and all for all.

All the researchers concluded that Cooperative institutions are an important instrument for rural development. It is only because these institutions can be helpful for solving the problems of the farmers regarding for the rural development. Having failed in its attempts to promote rural credit Cooperatives along the lines of Nepalese movement having met with plenty of difficulties and having incurred having losses in direct lending to small farmers, the Nepalese government should give a combination of the two schemes with self help and government guidance and great assistance put together. It is hope that Cooperatives will get emerge in the Nepalese as a dominant factor in the solution of many problem including credit. Land reform and supervised credit are now being instituted. The immediate concern is to effect within the shortest time possible improvement in the income and living conditions of the rural population. The present administrative system of Cooperative institution has been set up mainly in village and district level. Therefore, Cooperative institutions in central level should be organized. All the researchers emphasized that Cooperatives should be equipped with all necessary aspects i.e. technical assistance, supplying of inputs, supply of credit and marketing should be included.

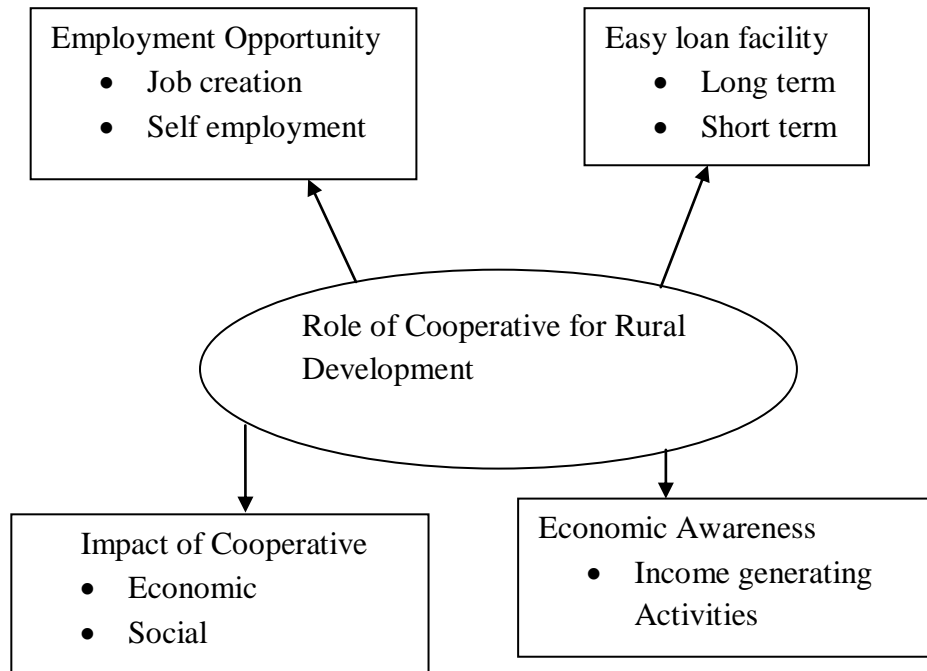
The present study has been prepared to ascertain the effectiveness of the Janata Bachat Cooperative Limited. Nobody has get done this study. Hence, this study has been endeavored in which the available literature is of a great help.

2.3 Conceptual Framework

This study was related to the role of cooperatives in income generating activities for rural development. The role were drawing on the basis of employment opportunity, easy loan facility,

social service and economic awareness. Therefore the researcher used the following conceptual understanding in this study.

Figure: Conceptual Framework



The above conceptual framework shows that cooperative helps in the development of rural area as it provides employment opportunity to the people of rural area. It may be by creating job or being self employed. It also helps people to take easy loan for different purposes. The loan facility provided by the cooperative may be short term or long term, it depends on the policy of the cooperative. There are various impact of cooperative in the field of rural development i.e. economic impact and social impact. Removing socio-economic inequalities and introducing progressive change, it brings the economic changes whereas it also changes the behavior, living style, attitude and perception of the individual. Cooperative helps people to make them habituated of saving the money which plays a vital role in their future.

CHAPTER - III

RESEARCH METHODOLOGY

3.1 Research Design

This study was carried out on the basis of descriptive research design because the study focused on to investigate the effectiveness of Cooperative credit for rural development taking the advantage activities, their participation and benefit from the credit utilization for the effectiveness work. Moreover the study found out the actual trend of investment of the credit output condition through utilization process. In this regard, it was an exploratory descriptive research.

Besides, the study analyzed about the trends awareness, participation advantage group, disadvantage group, stake holder, experiences, size existing condition and investigated of explored finding has been described.

3.2 Selection of the Study Area

Janata Bachat Cooperative was selected for the study. The study area was Bhimdutta municipality, ward no. 8, Kanchanpur has been selected due to the following reasons.

- Easy accessibility to the area
- Researcher is better familiar with the area
- No such study has been done so far in the area
- Mobilize within the available limited resources
- It is multi-dimensional

3.3 Nature and Sources of Data

The nature of the data was quantitative research in nature. The present study was based on both the primary as well as secondary data

i. Primary Data

Primary sources include data collected from questionnaire, observation and interview. Questionnaire was administered randomly to the members of cooperative society to gather information from members of staff of the society. The data collected most especially from primary data was analyzed using descriptive statistics and inferential statistics .

ii. Secondary Data

Further publications and reports of Cooperative department, publications of Cooperative training center, related journals and publication. Master's Degree dissertations was also widely used for this study. In this cause of primary data, questionnaires was proposed for member of the society to derive information regarding their attitudes toward the existing financial position and plans for the future.

3.4 Sampling Procedure and Sample Size

Janata Bachat Cooperative was selected purposively for this study. The universe of the study is shareholders of the Janata Bachat Cooperative. There were 500 shareholders who have more than fifteen thousand rupees. Out of the 500 shareholders, 100 households were selected as sample by using simple random sampling method.

3.5 Data Collection Tools and Techniques

Different methods of data collection was applied depending on the context.

3.5.1 Questionnaire Survey

Structured questionnaire was prepared to generate the realistic accurate data from survey of the Cooperatives member. Household survey was conducted and the respondents were requested to fill up the questionnaire of the respondents.

3.5.2 Key Informant Interview

The primary data was also collected from key informant interview using the unstructured interview method. The interviews was taken from president and vice-president of the cooperative, secretary of district cooperative association and chief of the administration of this cooperative.

The key informants' interviews was taken by cross checking the data obtained from questionnaire.

3.6 Data Processing, Analysis and Interpretation

After collection of primary raw data tabulation was worked out, further supplemented by computer software. The computer software applied to the processing, classification, tabulation and analysis of data and information was word and excel.

The availability of data are represented by different methods by pictorial form and graphical form . In pictorial form data are represented by

- Bar Diagram
- Circular diagram or pie chart

CHAPTER - IV

DATA PRESENTATION AND ANALYSIS

In research data collection refers to both data and information gathering activities .There are various methods and ways of data collection depending upon the nature of topic and subject understudy or depending on the study objectives , the study design and the availability of time, money and personnel .The data may be quantitative or qualitative .and based upon broad approaches to information gathering data are categorized as secondary data and primary data.(Sharma, 2003).

Both qualitative and quantitative data were collected and presented using tables so as to easily present and interpret the collected data. The researchers have employed descriptive statistics such as mean, standard deviation and percentage to analyze the collected data with regard to the different variables of socio-economic impact of Cooperatives.

4.1 General Background/ Characteristics of Respondents

The personal characteristics of respondents have very significant role to play in expressing and giving the response about the problem, keeping this in mind, in this study a set of personal characteristics namely, age, sex, education, occupation, income etc. of the 100 respondents have been examined and presented in this chapter.

4.1.1 Age of the Respondents

Age of the respondents is one of the most important characteristics in understanding their views about the particular problems; by and large age indicates level of maturity of individuals in that sense age becomes more important to examine the response.

Table 1

Age of the Respondents

Description	No.	Percentage
14-17	15	15
18-21	57	57
22-24	28	28
Total	100	100

Source: Field Survey, 2016

It is evident from the table that on an average respondents were about 14-24 years old. 57 percent of respondents were from 18-21 age group, 28 percent of respondents were from 22-24 age group and 15 percent of respondents were from 14-17 age group.

4.1.2 Ethnicity of the Respondents

Cast or ethnicity is significant variable of our society and has played vital role in social process as well as structure. Bhimdutta VDC carried great ethnic diversity which is shown below in the table.

Table 2

Ethnicity of the Respondents

Description	Janata Bachat	Percentage
Brahmin	45	45
Gurung	21	21
Chhetri	16	16
Tamang	14	14
Other	4	4
Total	100	100

Source: Field Survey, 2016

The above table shows the ethnicity of the cooperative members of Janata Bachat cooperative. From the above table, it is clear that out of 100 members "Brahmins" were the dominant groups having about 45 percent followed by Chhetri, Tamang, and others having about 21, 16, 14 and 4 percent respectively which shows that Janata Bachat has many members who are Brahmin.

4.1.3 Sex of the Respondents

Gender is an important variable in a given situation which is variably affected by any social or economic phenomenon. So the variable gender was investigated for this study. Data related to sex of the respondents is presented in the table 3.

Table 3
Sex Distribution of the Sample

Sex	No.	Percentage
Male	43	43
Female	56	56
Other	1	1
Total	100	100

Source: Field Survey, 2016

The above table provides the information about the sex differentiation of the respondents. Among 100 respondents of Janata Bachat, 43 percent were male, 56 percent were female and only 1 percent was of other sex. From the above table it is clear that Janata Bachat includes all types of sex differentiation.

4.1.4 Family size of the Respondents

The type of family in which a person lives and gets has immense importance in deciding their values, beliefs and behavior pattern which are likely to affect his or her attitude towards a particular problem, hence the family type plays its own role in giving the response of an individual. Data related to family size of the respondents are presented below.

Table 4
Family Size of the Respondents

Family Member	No.	Total
1-3	11	11
4-5	64	64
More than 5	25	25
Total	100	100

Source: Field Survey, 2016

From the above table out of the 100 members of Janata Bachat cooperative, 64 percent of them had 4-5 members, 25 percent had more than 5 family members and 11 percent had 1-3 family members. It concluded that most of the respondents were of joint family.

4.1.5 Marital Status of the Respondents

Marriage is one of the important social institutions. In a developing country like Nepal, it has undergone many changes. The perception and attitude of the person can also differ by the marital status of the persons because the marriage might make the person little more responsible and matured in understanding and giving the response to the question asked. The details of the marital status of the respondents is presented below.

Table 5

Marital Status of the Respondents

Marital Status	No.	Percentage
Married	33	33
Unmarried	39	39
Widow	14	14
Wider	11	11
Separated	2	2
Divorce	1	1
Total	100	100

Source: Field Survey, 2016

The above table shows that among 100 respondents of Janata Bachat cooperative, majority i.e. 39 percent of the respondents reported that they were unmarried while 33 percent of the respondents reported that they were married, 14 percent were widow and 11 percent said they had lost their wife. Whereas, only 2 percent of the respondents were separated with each other and 1 percent were divorced.

4.1.6 Educational Status of the Respondents

Education is one of the most important characteristics that might affect the person's attitude and the way of looking and understanding any particular social phenomena. In a way, the response of an individual is likely to be determined by his/her educational status. The detail of educational status of the respondents is presented below.

Table 6

Educational Status of the Respondents

Level	No.	Percentage
SLC	28	28
SLC to Bachelor	57	57
Bachelor Above	15	15
Total	100	100

Source: Field Survey, 2016

According to above illustrated table, 28 percent of respondents had passed SLC, 57 percent of the respondents were between SLC to Bachelor and 15 percent of the respondents had done Bachelor's degree which means many of the respondents involved in Janata Bachat cooperative had the educational status of SLC to Bachelor.

4.1.7 Occupation of the Respondents

Person's occupation do have a bearing on his or her personality and so also the ways of looking at the problem before him. The quality of life is also determined by an individual's occupation and the incomes derived from it. Occupation of an individual also socialized him/her in a particular fashion which in turn reflects his or her pattern of behaviors. The data pertaining to occupation is given below.

Table 7

Additional Occupation of the respondents despite cooperative

Level	No.	Percentage
Services	25	25
Farming	47	47
Business	22	22
Other	6	6
Total	100	100

Source: Field Survey, 2016

The above table illustrates that among 100 respondents of Janata Bachat cooperative majority i.e. 47 percent were found to involve in farming despite cooperative followed by services 25 percent, business 22 percent. It was also experienced during the study that if a respondent were unemployed, he/she chooses agriculture work as a last option. The percentage of agricultural occupation therefore was much higher among the respondents of Janata Bachat cooperative.

4.2 Contribution of Co-operative in local employment generation

There are various types of cooperatives in our country. Every cooperative has its own rules and policy. Every cooperative contribute to the local people in its area. Hence, the information regarding to the contribution of cooperative in local employment generation are presented below:

4.2.1 Contribution of Cooperative in Local Employment Generation

Table 8

Cooperative in Local Employment

Impact	Total
Job in the Co-operative	50
Loan for Business	25
Foreign Employment	15
Skill Orientated Program	10
Total	100

Source: Field Survey, 2016

The above table shows that the contribution of cooperative in the local employment. Among the 100 respondents, 50 percent said that cooperative had given job to them in the cooperative itself, 25 percent of the respondents said they have provided loan to do a business, 15 percent responded that they had provided foreign employment and 10 percent responded that they had provided skill oriented program.

4.2.2 Contribution of the Cooperative Sector for Rural Development

The movement of modern cooperative system in Nepal started over fifty years ago was indeed a process of constant search for suitable and effective local organizations that could institutionalize the process of rural development. Cooperatives occupy an important place in uplifting social as well as economic status particularly in rural areas where more than four-fifths of the total population reside and majority of them are poor and excluded from the socio-economic development opportunities. The contribution of cooperatives in rural development can be described on the following points.

- Reducing poverty and inequalities.
- Provision of receiving mechanism.

- Establishing decentralization of leadership.
- Building awareness.
- Creating social mobilization.
- Generating employment and income opportunity.
- Fulfilling credit needs.
- Meeting the basic needs.
- Helping rural industrialization.
- Keeping social solidarity.
- Helping agricultural development.
- Mobilizing local resource.

4.2.3 Satisfaction from Cooperative System

Satisfaction is the fulfillment of the needs and desires. During the study, the researcher investigated on every individual whether they are satisfied with the management and system of cooperative or not. Satisfaction of the member in cooperative helps to flourish the company. Satisfaction among the people of cooperative activities is shown in the table given below:

Table 9

Satisfaction from Cooperative System

Description	Janata Bachat	Percentage
Arrangements of loan distribution	90	90
Management for consumer goods	10	10
Supply of agricultural goods	-	-
Buying and selling of agriculture products	-	-
Total	100	100

Source: Field Survey, 2016

The table no 9 shows the satisfaction of cooperative activities from the Janata Bachat, 90 percent members were satisfied with arrangement of loan distribution process which was provided by cooperative society. 10 percent members were satisfied with management for consumer goods. No people were satisfied from the supply of agricultural goods and buying and selling of agricultural products. From the above table, it is clear that Janata Bachat cooperative was good in loan distribution process and almost every people are satisfied with its facility.

4.2.4 Agricultural Technical Information Providing Sources

As the respondents of the study area are highly depended on agricultural for their livelihood it is very necessary for them to get the information about agriculture. The respondents has got the information through various sector which is stated on the table given below:

Table 10

Agricultural Technical Information Providing Sources

Description	Janata Bachat	Percentage
J.T.A.	10	10
Cooperative management	-	-
Electronic media	80	80
Fellow farmers	10	10
Total	100	100

Source: Field Survey, 2016

The table 10 shows that the agricultural technical information providing sources through cooperative societies. From the Janata Bachat 10 members gets sources from J.T.A., 80 percent members from electronic media and 10 percent members has taken the agricultural technical

information from fellow farmers. From the above table it becomes clear that no member has got information from cooperative management.

4.2.5 Change in Attitude Behavior from Cooperative

The main aim of cooperative development is to bring about social and economic change in the individuals. By providing the help among the members it is also removing socio-economic hierarchy and introducing progressive change including the change in behavior and attitude which is also shown in the table given below:

Table 11
Change in Attitude Behavior from Cooperative

Description	Janata Bachat	Percentage
Attitude behaviour	50	50
Economic benefit	40	40
Training system	10	10
Others	-	-
Total	100	100

Source: Field Survey, 2016

The table 11 shows that the changing behavior after entering in cooperative society. From the Janata Bachat 50 percent members have expressed to change their attitude through the cooperative. 40 percent members have been taking benefit by economic conditions. 10 percent members have expressed their view to be benefited from training system.

4.2.6 Financial Resources of the Cooperative

Both cooperative society's finances of credit consist of internal resources, i.e., owned funds and borrowings from the governmental and other financing institutions. The internal

resources of cooperative societies comprise the share capital, reserve fund deposits. In the societies comprise the share capital, reserve fund and deposits. In the societies surveyed, the major source of owned funds is the share capital, it is the large scale of capital.

4.3 Impact of Co-operative for Rural Development

Cooperative in rural area helps to make a impact to the local people in rural area. It provides easy loan facilities, sources of taking credit, reasons of taking credit etc. The information on the impact of cooperative for rural development are described below:

4.3.1 Cooperative for Rural Development

Cooperative plays a vital role for the development of rural area. Janata Bachat has also done various works and programmes for the development of rural area which are presented in the table below:

Table 12
Respondents View towards Cooperative for Rural Development

Impact of Co-operative For Rural

Impact	Total	Percentage
Economic Growth	20	20
Road Management	25	25
Irrigation	40	40
Opportunity of Employment	15	15
Total	100	100

Source: Field Survey, 2016

The above table shows that Janata Bachat cooperative has helped in the economic growth of the Bhimdutta area by its facility. 20 percent of the respondents believed that this cooperative has helped in economic growth of the area, 25 percent of the respondents believe in this

cooperative has been functioning on the road management of the study area, 40 percent says it has provided irrigation facility and 15 percent of the respondents believe that Janata Bachat has provided opportunity for the employment.

4.3.2 Taking Credit from Cooperatives

The main aim of the cooperative is to facilitate the people by its service. There are various reasons to take credit from the cooperative. The response of the respondents on reasons for taking credit from cooperative are presented in the table below.

Table 13
Reasons for Taking Credit from Cooperatives

Description	Janata Bachat	Percentage
Becoming easy to take loan	64	64
Interest is low than other	32	32
I don't know	4	4
Other	-	-
Total	100	100

Source: Field Survey, 2016

The above table shows that, taking credit trend from the cooperative societies. 64 percent members has been taking the credit because of becoming easy to take loan, 32 percent members has been taking the credit because of low interest rate than others likewise 4 percent members has been taking loan unknowingly.

4.3.3 Source of Taking Credit

People often takes credit for different purposes. To fulfill the needs and to accomplish their desire people takes the credit from their acquaintance or some organization from where they can easily get it. The sources of taking credits are given below:

Table 14
Source of Credit

Description	Janata Bachat	Percentage
From land lords	4	4
From commercial bank	24	24
From Cooperatives	66	66
Other	6	6
Total	100	100

Source: Field Survey, 2016

The above table shows that there are different sources of loan provided to the farmers. Some member's farmers had credit from cooperatives. The other sources of credit were commercial bank and the land lords. The above table shows that the sources of taking credit from the Janata Bachat 4 percent members had taken credit by land cords, 24 percent members had taken from commercial bank, 66 percent members have been taking credit from cooperative society and 6 percent had taken from others sources. More than half of the respondents take credit from the cooperatives.

4.3.4 Reason for Not Taking Credit

There may be various reasons by which the individuals did not take credit. Some of it because of the high interest rate, easy procedure, etc. Some of the reasons by which the individuals are not interested in taking credit are presented in the table below.

Table 15

Reason for Not Taking Credit

Description	Janata Bachat	Percentage
Enough loan is not given	60	60
The procedure is lengthy	20	20
Not Needed	10	10
High Interest rate	10	10
Total	100	100

Source: Field Survey, 2016

The table 15 shows that the reason for not taking credit. From the Janata Bachat, 60 percent members said that enough loan wasn't given. The procedure was lengthy option for 20 percent members, 10 percent members aren't required and high interest rate for the 10 percent members. From the above table, we can conclude that because of not getting enough loan from the cooperatives many members were not interested to take credit.

4.3.5 Investment of Credit Loan from the Cooperative

Cooperative invests the credit loan for specific area. Each area has its own rules and process. With the source provided by the members cooperative invests credit loan to them. The various sector that the cooperative provide the credit load is stated in the table given below:

Table 16

Investment of Credit Loan from the Cooperative

Description	Janata Bachat	Percentage
Agricultural production	30	30
Cottage (small industry)	10	10
Business	40	40
Education	16	16
Others	4	4
Total	100	100

Source: Field Survey, 2016

The table 16 shows that the actual condition of the investment of the farmers members from the Janata Bachat, 30 percent members had invested their credit for the agricultural production. 10 percent members for the cottage (small) industries, 40 percent members for the business, 16 percent had investment their credit for the educational sectors, 4 percent members for the others unidentified sectors from the cooperative societies.

4.3.6 Respondents View Toward Consumers Goods Service

There are several views of respondents towards consumer goods service. The view of respondents towards consumer goods service are presented in the table below:

Table 17

Respondents View towards Consumer Goods Service

Description	Janata Bachat	Percentage
Enough	20	20
Not enough	80	80
Total	100	100

Source: Field Survey, 2016

The above table 17 shows that respondent's view toward consumer good service from Janata Bachat. 20 percent members have been saying enough and 80 percent members have been saying not enough.

4.3.7 Problems of Cooperative Specially of Saving and Credit Programs

In Nepal, almost all governmental and non-governmental organizations have included saving as a component of their various development programs such as literacy group health group, forest user's group, mother's group, irrigation user's group, agriculture production groups and so on and so forth. After the preliminary objective of the group is completed the saving and later credit component continues and as the groups grow, the technical, increases which in most cases aren't provided by the promoters. The lack of clear vision of the promoters leads to non adherence of best practices in this field by the group resulting further to the distortions of the market. Even when there are existing financial service providers promoters tend to develop their own groups leading into formation of unsuitable group main problems are:

- Governmental interference
- Lack of awareness
- Functional weakness

- Lack of clear visions
- Lack of adequate monitoring
- Lack of technology and diversification of product
- Lack of proper capital

4.4 Effectiveness of Co-operative for Income Generating Activities

Cooperative needs to be effective and the information providing sources for the cooperative must be strong and effective. The table below explains the information on the effectiveness of co-operative for income generating activities.

4.4.1 Cooperative for Income Generating Activities

There are many cooperatives in our country. They help in the income generating activities in their own way and policy. Similarly, Janata Bachat has also provided a income generating activities in the study area which are presented in the table below:

Table 18

Cooperative for Income Generating

Description	Janata Bachat	Total
Awareness Program	45	45
Service in Co-operative	25	25
Skill Training	30	30
Total	100	100

Source: Field Survey, 2016

The above table shows the helping hands of cooperative in the income generating activities in the study area. 45 percent of the respondents responded Janata Bachat has provided awareness program to the people, 25 percent of the respondents believe they have provided

service in the cooperative for them and 30 percent of the respondents responded they had given skill training program to the respondents.

4.4.2 Information Providing Source for Cooperative

There are various sources by which information can be provided to the cooperative. Some of the information providing sources for cooperative are illustrated in the table below:

Table 19

Information Providing Source for Cooperative

Description	Janata Bachat	Percentage
From Electronic media	6	6
Newspaper	30	30
Community Interaction	60	60
Others	4	4
Total	100	100

Source: Field Survey, 2016

The above table shows that the information providing sources for cooperative organization. The table shows that 6 percent of the respondents get information from electronic media, 30 percent of the respondents get information from newspaper, most of the respondents i.e. 60 percent get information from the community interaction and only 4 percent of the respondents get information from the other information sources. From the above table, we can conclude that community interaction was the best way of information providing source for cooperative.

4.4.3 Sale of Agricultural Production

The sale of agricultural production with the medium of cooperative like open market, money lender, landlord, etc. are presented in the table below:

Table 20
Sale of Agricultural Production

Description	Janata Bachat	Percentage
Cooperatives	-	-
Land lord	-	-
Open Market	90	90
Money lender	4	4
Others	6	6
Total	100	100

Source: Field Survey, 2016

The above table shows that the sale of agricultural production through cooperative society. From Janata Bachat, 90 percent members sold their agricultural production directly to the open market, indicators shows that 4 percent members are sold to the money lender and 6 percent members have sold to others sources.

4.4.4 Opinion about Distribution of Loan by Cooperative

Cooperatives are the medium of loan distribution. Cooperatives provides loan to the respondents by its own rules and regulations. Some may be satisfies and some may not. So, the opinion of the respondents to the distribution of loan by cooperative are presented in the table below:

Table 21

Opinion about Distribution of Loan by Cooperative

Description	Janata Bachat	Percentage
Satisfied	90	90
Unsatisfied	10	10
Total	100	100

Source: Field Survey, 2016

The table 21 shows that the opinion about distribution of credit by cooperative from the Janata Bachat, 90 percent respondents has been satisfying with the cooperative's loan distribution. 10 percent have been unsatisfying. Thus, we can say that most of the respondents were satisfied from the distribution of the loan by cooperatives.

4.4.5 Total Investment(in Rs.) of Janata Bachat

Cooperatives invest their money in different sectors in every year. It may increase or decrease. The table below shows the total investment of Janata Bachat from 2065 to 2072.

Table 22

Total Investment (in Rs.) During FY 2065 to 2072 of the Janata Bachat

Fiscal Year	Investment (in Rs.)
2065	1143800
2066	1434000
2067	2306500
2068	3327000
2069	4017000
2070	5731000
2071	6730500
2072	9613500

Source: Field Survey, 2016

The above table 22 shows the total investment of Janata Bachat from 2065 to 2072. The investment of Janata Bachat was 1143800 in 2065 and 1434000 in 2066. Similarly it was 2306500, 3327000, 4017000, 5731000, 6730500 and 9613500 in the year 2067, 2068, 2069, 2070, 2071 and 2072 consecutively.

4.4.6 Total Assets of Janata Bachat

The table below shows the total assets of Janata Bachat and its increase in percentage from the fiscal year 2065 to 2072 which is presented in the table below:

Table 23

Total Assets Fiscal Years 2065 to 2072 and Increasing Percentage of the Janata Bachat

Fiscal Year	Total Assets	Increase Percentage
2065	610130	74.72
2066	939836	54.03
2067	1440095	53.23
2068	2163554	50.91
2069	3071216	41.31
2070	4087786	33.09
2071	596035	45.85
2072	8202481	37.57

Source: Field Survey, 2016

The above table shows the total assets and increase in percentage of Janata Bachat from 2065 to 2072. The total assets of Janat Bachat in 2065 was 610130 and the increase in percent was 74.72. Similarly, in 2066 total assets was 939836 and the increase in percentage was 54.03. The total assets was 1440095, 2163554, 3071216, 4087786, 596035 and 8202481 and increase in percentage was 53.23%, 50.91%, 41.31%, 33.09%, 45.85% and 37.57% consecutively in the year 2067, 2068, 2069, 2070, 2071 and 2072.

CHAPTER - V

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

The present study has been under taken to examine the effectiveness of cooperative credit for rural development which is the case study of Janata Bachat Cooperative Limited.

Major findings of the study have been summarized as:

5.1.1 Background Characteristics of Respondents

- The cooperative is located at Kanchanpur district. About 57 percent of the members of this cooperative are of the age group 18-21.
- The leading ethnicity was Brahmin resulting to 45 percent following by Gurung and Chhetri.
- Almost 56 percent of the respondents were female. About 64 percent of the respondents were of joint family. Most of the respondents were unmarried i.e. 39 percent.
- Educational status of the cooperative has satisfactory from the Janata Bachat 24 percent members are S.L.C. below, 70 percent are S.L.C. to Bachelors level, and 6 percent are bachelor above.
- About 47 percent of the respondents have been involved in farming sectors and 25 percent of the respondents in service sector and 22 percent of respondents in business sectors.

5.1.2 Contribution of Cooperative in Local Employment Generation

- Most of the respondents were given job in the cooperative.
- This cooperative had reduced poverty and inequalities, helped in rural industrialization and creating social mobilization.

- Satisfaction of cooperative system from Janata Bachat 90 percent members is satisfied with arrangement of loan distribution. The reason for not taking credit from the Janata Bachat (out of 50 respondents) 60 percent members said that enough loans weren't given.
- Technical information providing sources from Janata Bachat 80 percent members are informed by electronic media.
- About 50 percent of the respondents changed their attitude after entering into the cooperative.

5.1.3 Impact of Cooperative for Rural Development

- Janata Bachat Cooperative had developed irrigation project, managed road and helped in the economic growth of the study area.
- About 64 percent of the respondents took credit from the cooperatives because its easy to take loan.
- Sources of taking credit are land lords, commercial bank and cooperative societies from the Janata Bachat (Out of fifty respondents), 4 percent are from land lords, 24 percent from commercial bank and 56 percent are from cooperative society.
- Around 60 percent of the respondents did not like to take credit because enough loan is not given to them.
- Most of the members of Janata Bachat took credit through cooperative society.
- Interest rate is 13 percent for credit distribution provided by cooperatives.

5.1.4 Effectiveness of Cooperative for Income Generating Activities

- Janata Bachat has given awareness program, skill training and service in cooperative for the people of study area.

- Information providing sources for cooperative organization are electronic media, newspaper, and community interaction from the Janata Bachat 6 percent from electronic media, 30 percent from newspaper and 60 percent from community interaction. Cooperative societies and commercial banks are the main sources of credit provider organization.
- Sale of agricultural production through cooperative society from Janata Bachat 90 percent members sold their agricultural production through open market. There is no facility of agricultural productions selling cooperative.
- 90% of the respondents were satisfied from the distribution of loan by Janata Bachat.
- 40 percent of the respondents had invested in the Janata Bachat Cooperative.
- Main financial resources of the cooperative are the monthly saving deposit, interest of the providing credit.
- Improvement in life style, socio-economic condition of the respondent's family due to the increment in their income.
- Increase social and economic relation, exposure, empowered and access to formal financial institution.
- Direct self employment creation through entrepreneurship development.
- Change in financial behavior like saving habit, utilization and membership in financial institution.

5.2 Conclusion

Nepal as being predominantly an agricultural country, agricultural development has permanent importance in the process of overall economic as well as rural development of the country. So the government after 1951 had paid much attention to develop agricultural

development through rural development, different laws and rules have been adopted by the government for a well functioning of the cooperative.

The main focus of the study was to find out the effectiveness of cooperative credit for rural development. Cooperatives are often blamed for an efficiency. Though there are shine examples of successful and vibrant cooperatives yet a large number continues to face criticism not only from their own members but also from other segments of the society. There are various reasons, which are attributed to the weakness of cooperatives.

Many of these reasons are real but don't necessarily lead to a conclusion that cooperative are efficient and member cannot run their own organizations. Many of these so called faults are pure misconception and imaginary and are floated due to various self interests involved. These are due to lack of information, inadequate management competency, poor advocacy role played by the cooperatives and their leaders, excessive self interests and poor public relations. The remedy lies in education, extension, training and professionalization.

Cooperative institutions provide social and economic services to their members. They not only service the members but also service their family and the community. Any amount of aid or assistance given to primary societies or to any institution from external sources tends to weaken the institution more than anything else. The key factor in the management of cooperatives the participation by members.

5.3 Recommendation

The following recommendations are made to improve the working of cooperatives.

- Whenever possible, performance should be given to implementing a supervised credit program through cooperative organizations. In this case technical and social supervision may be made for effective and at a much lower cost.

- Governmental bank and others should provide sufficient loan to cooperatives in time when it is needed.
- The management should try to maintain a good relationship between the managerial staffs, workers and members of the board and general publics. Likewise the cooperative organization should develop coordinative among the Cooperatives.
- On the part of other Cooperative societies they should adopt efficient and latest market strategies to make themselves capable of increasing their transactions as well as fulfilling growing demand of new financial services and facilities so that they will be able to cope with the Cooperative challenges.
- The according system of the Cooperative must be modern and scientific.
- Cooperatives should also provide consumer goods and other essential goods needed to farmers.
- Provision for credit amount should be increased.
- The Cooperative societies lacks the educated and skilled manpower due to lack of Cooperative education program though the history of Cooperative is being very old, it hasn't been conceptualized yet. Therefore, it is suggested that the Cooperative education and Cooperative training must be provided for the development of Cooperative societies and the up liftment of socio-economic condition of the country.
- As Cooperatives are effective in mobilizing marginal and small farmers Cooperative movement should be promoted on a massive scale in rural community.
- Since effectiveness of farmers Cooperatives is further strengthened when they also join savings and credit Cooperatives, farmer's Cooperative member should be encouraged to join saving and credit Cooperatives as well.

- Being an autonomous organization, participation of women, Dalit and Janajatis is not ensured in such Cooperatives. Hence, some sort of mechanism should be established to enhance participation of women, Dalits and Janajatis in the Cooperatives.
- Priority will be given to promotion of agri-industry and productive sectors.
- Develop objective policies to attract and promote Cooperative.
- Promote Cooperative to mobilize small and scattered saving.
- Cooperative education member education and sharing of success and weakness should be promoted significantly.
- Incentive mechanism may be introduced to people involved in the management linking to performance.
- Monitoring and supervision must be enhanced.

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ANNEX I
QUESTIONNAIRE

**Role of Cooperative in Income Generating Activities for Rural
Development**

Research Questionnaire:

Name of Interviewer:Date of Interview:

Name of Respondent:

1. Ward No:

2. Ethnicity:

- a. Brahmin [1], b. Gurung [2], c. Chhetri [3], d. Tamang [4],
e. If others Specify [5]

3. Age:

4. Sex:

- a. Male [1] b. Female [2] c. Third Gender [3]

5. Marital Status:

- a. Married [1], b. Unmarried [2], c. Widow [3]
b. d. wider [4] e. separated f. divorce

6. Educational Status

- a. SLC [1] b. SLC to Bachelor [2] c. Bachelor above [3]

7. Name of entrepreneur group

- a. processing b. Marketing c. processing /marketing
d. All of the above e. Others

8. Type of cooperative:

9. Years of cooperative registration:

10. Additional Occupation of the respondent despite cooperative:

- 1) Services [2] 2) Farming[3] 3) Business[4] 4) Other[5]

I. Information on the contribution of cooperative in local employment generation:

1. In which area are you satisfied from cooperative system?
 - a) Arrangement of loan distribution
 - b) Management for consumer goods
 - c) Supply of agricultural goods
 - d) Buying and selling of agriculture products
2. What are the areas of agricultural technical information providing sources?
 - a) J.T.A
 - b) Co-operative management
 - c. NGOs/INGOs
 - d) Fellow farmers
3. What are the change in behavior after entering in cooperative?
 - a) Attitude behavior
 - b. Economic benefit
 - c. Training System
 - d) Others
4. What are the financial resources of the co-operative?
.....
5. What are the contribution of cooperative for rural development?
.....

II. Information in the impact of co-operative for Rural development.

1. What are the reasons for taking credit from cooperatives?
 - a) Becoming easy to take loan[1]
 - b) Interest is low than other [2]
 - c) I don't know [3]
 - d) Others [4]
2. What are the sources of credit?
 - a) From landlords[1]
 - b) From commercial banks [2]
 - c) From co-operatives [3]
 - d) Others [4]
3. What are the reasons for not taking credit?
 - a) Enough loan is not given
 - b. The procedure is lengthy
 - c) Not needed
 - d. High Interest rate
4. What are the area of investment of credit loan from cooperative?
 - a) Agricultural Production
 - b) Cottage (Small Industries)
 - c) Business
 - d) Education
 - e) Others
5. What is the view of respondents towards consumer goods service?
 - a. Enough
 - b. Not enough
6. What are the problems of cooperative specially of saving and credit programs?
.....

III. Information in the Effectiveness of co-operative for Income generating activities.

1. What are the information proving source for cooperative?

a) From electronic media [1] b) Newspaper [2]

c) Community Interaction [3] d) Others [4]

2. What are the sale of agricultural production through co-operative?

a) Cooperatives b. Landlord c. Money lenders

d) Open market e. Others

3. What is your opinion about distribution of loan by cooperative?

a. Satisfied b. Unsatisfied

4. What is the total investment of Janata Bachat from 2065 to 2072?

2065	2066	2067
2068	2069	2070
2071	2072	

5. What is the total assets of Janata Bachat from 2065 to 2072?

2065	2066	2067
2068	2069	2070
2071	2072	

ANNEX II

INTERVIEW SCHEDULE

1. What are the facilities provided by your co-operative?
2. In which area are people (members) satisfied from cooperative system?
3. What are the benefits of cooperative specially of saving program?
4. What are the problems of cooperative credit programs?
5. Does the member easily gets the loan? What are the process and how long is the process?
6. What are the financial resources of the co-operative?
7. How is your co-operative contributing for the rural development?
8. What are the problems that your cooperative have been facing?