

# **CHAPTER I:**

## **INTRODUCTION**

### **1.1 Background of the Study**

Cooperatives: An autonomous association of person united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. (Wikipedia, 2017)

“Cooperatives mean that working or acting together willingly for a common purpose or benefit. A jointly owned enterprise engaging in the production or distribution of good or the supplying of services, operated by its members for their mutual benefit, typically organized by consumers or farmer.” (Dictionary.com, 2017)

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

“Nepal is small, landlocked and agricultural country, which is suffered from many economic problems such as, mass poverty, high unemployment, high population growth rate, low per capita income, income inequality, high dependency on agriculture, high dependency on Indian economy etc. These factors are the main cause of the slow economic growth rate. Overall rate of economic growth was only 3.56 percent at basic price and 3.65 percent at producers’ price against the targeted 5.5 percent in FY 2012/13. Economic growth rate in the previous fiscal year 2011/12 was 4.5 percent. Similarly in FY 2013/14 it is 5.2 percent based on data for the first 8 months of the current fiscal year (MoF,2014).

All developing countries like Nepal are struggling to attain high economic growth rate, reduction of income inequality and poverty and to improve the living standard of the people. Various efforts are made to uplift the economic condition, for this

numerous institutions are established. Cooperative is one of such institutions, which has become suitable and popular business entity for the economic development.”(Timilsina,2015)

Cooperatives, as economic enterprises and as self-help organizations, play a meaningful role in uplifting the socio-economic conditions of their members and their local communities. Over the years, cooperative enterprises have successfully operated locally owned people-centered businesses while also serving as catalysts for social organization and cohesion. With their concern for their members and communities, they represent a model of economic enterprise that places high regard for democratic and human values and respect for the environment. As the world today faces unstable financial systems, increased insecurity of food supply, growing inequality worldwide, rapid climate change and increased environmental degradation, it is increasingly compelling to consider the model of economic enterprise that cooperatives offer. The cooperative sector, especially in developing countries, also presents itself as an important element that can contribute to the realization of the Millennium Development Goals (MDGs) by 2015.

In Nepal private sectors are highly motivated by profit and it doesn't invest in the sector where it doesn't aspect a good return. The government is not existed for a majority of Nepalese, especially those in the rural and remote areas. This is a huge gap that nothing else except the cooperative can fill. Cooperatives supposed to motivate by service rather than profits. Thus cooperative can play vital role in the economy like ours. Government of Nepal agreed to grant the cooperative a status equal to that of the public and private sectors by adopting a three pillar economic model based on public-private-cooperative in the new constitution to be drafted. As one of the basic pillar of economic development cooperative can fill the gap between urban and remote sector. Cooperatives supposed to reduce poverty by uplifting the living standard of its members. Proper policies and programmers aimed at strengthening the capacity of cooperative, especially those at primary level are needed.

Cooperatives are viewed as important tools for improving the living and working condition of both women and men. Cooperative makes decision that balances the need for profitability with the welfare of their members and the community. As cooperative

foster economics of scope and scale, they increase the bargaining power of their members providing them higher income and social protection. Hence, cooperative provide opportunities, protection and empowerment to uplift them from degradation and poverty. In number of ways, cooperative play important role in global and national economic and social development. Cooperative ensures more equitable distribution of the benefit. They contribute to sustainable human development and have an important role to play in combating social exclusion. Thus the promotion cooperative should be considered as one of the pillar of nation's economic and social development.

There are different types of cooperatives operating within Nepal such as saving and credit cooperative, agricultural cooperative, multipurpose cooperative, dairy cooperative, bee keeping cooperative, electricity cooperative, consumers cooperative, tea producers cooperative, herbal cooperative etc. Among them saving and credit cooperatives are mainly concentrated towards collection of saving from its members and mobilization of such saving as a credit to its members. Saving and credit cooperatives (SACCOs) play vital role to overcome the problem of shortage of capital. Capita shortage is also one of the major constraints of economic development. So, SACCOs regarded as means of economic development.

Although co-operation as a form of individual and societal behavior is intrinsic to human organization, the history of modern co-operative forms of organizing dates back to the Agricultural and Industrial Revolutions of the 18th and 19th centuries. The 'first cooperative' is under some dispute, but there were various milestones.

In 1761, the Fenwick Weavers' Society was formed in Fenwick, East Ayrshire, and Scotland to sell discounted oatmeal to local workers. Its services expanded to include assistance with savings and loans, emigration and education. In 1810, social reformer Robert Owen and his partners purchased New Lanark mill from Owner's father-in-law and proceeded to introduce better labor standards including discounted retail shops where profits were passed on to his employees. Owen left New Lanark to pursue other forms of co-operative organization and develop co-op ideas through writing and lecture. Cooperative communities were set up in Glasgow, Indiana and Hampshire, although ultimately unsuccessful. In 1828, William King set up a newspaper, The

Cooperator, to promote Owens's thinking, having already set up a co-operative store in Brighton.

The Rochdale Society of Equitable Pioneers, founded in 1844, is usually considered the first successful co-operative enterprise, used as a model for modern co-ops, following the 'Rochdale Principles'. A group of 28 weavers and other artisans in Rochdale, England set up the society to open their own store selling food items they could not otherwise afford. Within ten years there were over 1,000 co-operative societies in the United Kingdom.

The Rochdale Principles are a set of ideals for the operation of cooperatives. They were first set out by the Rochdale Society of Equitable Pioneers in Rochdale, England, in 1844, and have formed the basis for the principles on which co-operatives around the world operate to this day. The implications of the Rochdale Principles are a focus of study in co-operative economics. The original Rochdale Principles were officially adopted by the International Co-operative Alliance (ICA). The Rochdale Principles of cooperative according to the 1996 ICA revision are detailed below.

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

## **1.2 Statement of the Problem**

The common characteristics of developing countries like Nepal are rapid population growth, mass poverty, high unemployment and dependency in agriculture, resource constraint and inequality. To address these economic conditions, cooperative movement is one of the best steps taken by the government. Cooperatives are the popular community based organization which depend on self-help and mutual help, thus play important role to reduce the mass poverty from the grassroots level by increasing employment and income. Cooperative creates employment through its

saving, credit, production and marketing activities which assist in increasing member's level of income. The government has accepted cooperative for income generation of poor and marginalized people. Cooperatives are succeeding to replace the indigenous lenders and provide cheap loan to the members.

Capital market of Nepal is not so developed. There are limited financial institutions mainly concentrated only towards urban areas. Least bank and financial institutions are found in rural areas. People do not have any institutions in order to save their small amount of money and also they do not get any credit facility in case of need. In such case, saving and credit co-operatives plays prominent role for the development of economic status of rural people. Saving and credit cooperative mainly concern with the accepting savings from its members and providing credit/loan to its members. The interest rate charged by such cooperative is usually lower than that of other bank and financial institutions. Saving and credit co-operative have important role for the economic development of whole nation. Members of cooperative borrow loan and invest in their business and they can grow their business. They also save money regularly in cooperative and get interest from such saving. This can built habit of saving to the people. Members can became independent, self-decision making, group working etc. Such cooperative create employment opportunities, promote people participation, increase self-dependency, and maintain social justice and equal distribution of income.

According to World Bank 2015, Nepal is a poor county in the world's economy. It has been attack by extreme poverty. Co-operative is such a measure to ease and lower the poverty and underdevelopment of nation. The cooperatives are therefore, established and managed to solve the problem of saving and credit, distribution of goods, agricultural inputs etc. However, most of the co-operative are unable to provide service to their members. They fail to follow rule, regulation and directives. Co-operative development trend seems to be unsatisfactory. Rich people use cooperative as their means to raise capital. They use saving as they like. Poor people cannot actually benefit because they are unknown about rules, regulations, Acts etc. This is because of lack of cooperative education and training. On the other hand same person involved in more than one cooperative. They use cooperative only to take loan.

Day by day many cooperative are liquidated due to failure to follow rules and regulations according to the spirit, norms and values of cooperative.

According to NSCCL, this cooperative was established in 2067 B.S. There were nearly 30 founding members. There after the membership of NSCCL increased slowly. In the beginning cooperative was functioning only as saving and providing loan to its members. Until 2072 B S NSCCL didn't had any office accommodation facility. With the increase of the membership the committee members realized that there should be an office accommodation facility for cooperatives to work smoothly and manage it efficiently. After the office was opened, NSCCL has been functioning in a more effective way. Cooperative works include daily savings, credit loans, bonus program to its employees, encouragement and awareness work, health related work, socio-economic empowerment work, education related work etc.

These days NSCCL has been able to issue nearly twenty million capital amounts in the market. The, Daily Saving is 17%, Monthly Saving is 18%, and Fixed Deposit Amount is 20%.

Similarly NSCCL has been doing many social works in the society.

- Student Scheme - SLC passed students who were saving their money in daily, monthly saving accounts since their early age are entitled up to 50% interests on their savings at the time the accounts mature and thus making up to one hundred thousand for their further study.
- Elderly Citizen Scheme - NSCCL has been operating the Honor Program to encourage the senior citizens to be a member and save money for their urgent needs.
- Women Scheme – One scheme is operated as Honors Program and in another scheme a reasonable amount of money is provided as a financial support to the pregnant women after they deliver a baby. This scheme is limited up to two deliveries only.

This study tries to explain how cooperative affect the economic and social status of its members and how members are involved in economic activities and social activities. So it focuses on the need of cooperative for income generating activities and other social activities of its members. This study is on the topic of socio-economic impact

of saving and credit cooperative. The study is a case study of Niswartha Saving and Credit Cooperative, Mahalaxmi Municipality-18, Imadol to represent the topic.

The objective of the research is to find out the deficiencies prevailing in NSCCL and how to mobilize the saving credit. Research will also be aimed to find out the contributions made by NSCCL in local communities and to its member. The reach aims at finding the answers of the following questions.

- i) What is the present situation and activities of NSCCL?
- ii) What is the role of cooperative in changing socio-economic status of its members?
- iii) What are the challenges of NSCCL?

### **1.3 Objective of the Study**

The general objective of this study is to analyze the socio-economic contribution of the cooperatives. In this case study of NSCCL, Imadol however, the specific objectives include:

1. To analyze the present situation and activities of Niswartha Saving and Credit Cooperative Ltd.
2. To analyze the role of cooperative in changing socio-economic status of its members.
3. To find out the challenges of NSCCL.

### **1.4 Significance of the Study**

The study is concerned with the importance of saving and credit cooperative and its economic contribution to its members. It also highlights the related problem and socio-economic condition of the people of the study area. This study is purely a micro level study. By the way the study tries to fulfill the gaps of knowledge about various aspect like saving, credit, microcredit and socio- economic condition of members of the study area. The study aims to present information about the socio-economic condition the saving and credit cooperative. The study is focused on saving and credit cooperative. The outcomes of this study will be helpful to the cooperative department, cooperative development board and other cooperative societies. It will also be equally

helpful to the government bank and researcher of the concerned field, who want to collect knowledge about cooperative. This study finds out the role of cooperative in the generation of income and employment and also helps to find out social contribution of cooperative to its members. This study will also useful for making polices. People will be able to understand cooperative as the foundation of economic development of Nepal.

### **1.5 Limitations of the Study**

This study is concerned only to the activities of Niswartha Saving and Credit Cooperative Ltd. It is a case study of individual saving and credit cooperative so that the result may not represent all cooperative movement of Nepal. Therefore, some limitations of the study are as follows:

1. The study has been limited to the Niswartha Saving and Credit Cooperative Ltd.
2. Only the members of Niswartha Saving and Credit Cooperative Ltd. have been included in the study.
3. Since the outcome is specific one, it may not be generalized.

### **1.6 Organization of the Study**

The thesis has been divided into five chapters. The chapter one is introduction part, in the second chapter thesis has reviewed the academic literature and theory associated with their topic. Third chapter contains research questions and methodology. The fourth chapter contains research findings, which consists of an analysis of interviews and documents. Finally, the fifth chapter contains policy recommendations which are based on their findings and a conclusion.

## **CHAPTER II: LITERATURE REVIEW**

Review of literature is one of the most important parts of any thesis. Literature review includes review of old theses, dissertations, newspapers, magazines and suggestions. A literature review can be just a simple summary of the sources, but it usually has an organizational pattern and combines both summary and synthesis. A summary is a recap of the important information of the source, but a synthesis is a re-organization, or a shuffling, of that information. It might give a new interpretation of old material or combine new with old interpretation. Or it might trace the intellectual progression of the field, including major debates. And depending on the situation, the literature review may evaluate the sources and advise the reader on the most pertinent or relevant.

### **2.1 Cooperatives**

“Community Savings and Credit Cooperatives (SACCOs) are financial institutions set up by people who want to solve a common problem for themselves and is managed by themselves. To date, SACCOs have found themselves commanding a large percentage of savings in the financial sector worldwide.” (SACCOs, 2016)

The International Cooperative Alliance defines a cooperative (also known as co-operative, co-op, or coop) as "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise".

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

Today, the Constitution of Nepal has considered the co-operative sector as one of the three pillars for national development. The major types of co-operative societies

operating in Nepal are Saving and Credit, Multipurpose, Dairy, Agriculture, Fruits and Vegetables, Bee Keeping, Tea, Coffee, Consumers, Science and Technology, and Energy. It is believed that some 5 million people are already affiliated in approximately 32,663 cooperatives and more than 57,894 people are employed directly in Cooperative business. (Department of Cooperatives)

Cooperatives around the world generally operate according to the same core principles and values, adopted by the International Cooperative Alliance in 1995. The International Cooperative Alliance is a global membership association of co-ops and co-op support organizations.

Cooperatives trace the roots of these principles to the first modern cooperative founded in Rochdale, England in 1844. Seven Cooperative Principles are as follows:

### **Principle 1: Voluntary and Open Membership**

Cooperatives are voluntary organizations, open to all people able to use its services and willing to accept the responsibilities of membership, without gender, social, racial, political or religion discrimination.

### **Principle 2: Democratic Member Control**

Cooperatives are democratic organizations controlled by their members-those who buy the goods or use the services of the cooperative-who actively participate in setting policies and making decisions.

### **Principle 3: Member's Economic Participation**

Members contribute equally to, and democratically control, the capital of the cooperative. This benefits members in proportion to the business they conduct with the cooperative rather than on the capital invested.

### **Principle 4: Autonomy and Independence**

Cooperatives are autonomous, self-help organizations controlled by their members. If the co-op enters into agreements with other organizations or raises capital from external sources, it is done so based on terms that ensure democratic control by the members and maintains the cooperative's autonomy.

### **Principle 5: Education, Training, and Information**

Cooperatives provide education and training for members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperative. Members also inform the general public about the nature and benefits of cooperatives.

### **Principle 6: Cooperation among Cooperatives**

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

### **Principle 7: Concern for Community**

While focusing on member needs, cooperatives work for the sustainable development of communities through policies and programs accepted by the members.

### **Types of Cooperatives**

1. Consumers' Cooperative
2. Producers' Cooperative
3. Agricultural Cooperative
4. Utility Cooperative
5. Credit Unions
6. Federal or secondary Cooperative
7. Housing Cooperative
8. Marketing Cooperative
9. Women Cooperative

## **2.2 Historical Background of Cooperative in Nepal**

Since ancient times in Nepal there was saving and credit associations popularly known as Dhukuti, and grains saving and credit saving known as Parma that has worked for long period of time. Similarly, Guthi provided a forum to work together for smoothly running different socio-cultural practices in the different community of the country which are still in practice.

Concept of cooperative in Nepal is not very new. It began together with the human civilization to live together in a society or community. If we turn over the history of cooperative movement in Nepal, the organized history can be found back to about 50 years. Formally the history of organized cooperative in Nepal began after the establishment of cooperative department.

In the beginning of cooperative movement in the real sense was geared up with the establishment of 13 credit cooperative societies in 1956 as a part of the resettlement program for the flood affected people in Rapti Dun under the active support of United States Agency for International Development (USAID) on experimental basis. In 1956 the First Five Year Plan (1956-1961) was formulated which identified that if the cooperative movement is developed in healthy and efficient manner it would progressively abolish excessive debt burden and raise the living standard of the members of the cooperative societies.

First Cooperative Act was passed in 1959, which not only provided a sound legal basis for cooperatives but also recognized all cooperatives a far previously registered under an executive department of government. Consequently Cooperative Society Rules 1961 was promulgated which spurred the cooperative movement in the county. With the introduction of the cooperative Act, numerical growth of cooperative boomed up. The Cooperative Bank was established in 1963 for providing credit to the cooperatives as well as agro business or industries. Later Cooperative Bank was converted into Agricultural Development Bank in 1967. Cooperatives were registered as Sajha in 1976. The cooperative societies converted into Sajha were for providing basic facilities like agricultural credit, agricultural input and consumer goods to individual peasants. The cooperative societies were also subjected to various agencies regarding management and control. But whatever the reason the cooperative societies could not work satisfactorily enough to meet their objectives.

After the restoration of democracy in the country in 1990, it traced a new way for the new changes in the cooperative movement. Consequently, new Cooperative Act, 1992 was promulgated. This Act recognized cooperative as people's organization with an autonomous body. On the basis of the Act as on awaited National Cooperative federation came into existence. High level of National Cooperative Confederation Advisory Committee was formed by the interim government soon after the restoration

of democracy. The committee's report was studied by the government and subsequently, National Cooperative Development Board was formed for working out a new legislation as well as policy guidelines and for creating the necessary foundation for reorienting the cooperative movement. As a result, a new Cooperative Act was promulgated in 1992. The legislation recognized the democratic character of cooperative movement ensure the operational autonomy of cooperative and defined the role of Department of Cooperative in a transparent way.

**Table1. 1: Major Events of Co-operative Movement in Nepal**

Year	Events
2010 B.S.	<ul style="list-style-type: none"> <li>• Establishment of co-operative division under the Ministry of Plan Development and Agriculture</li> </ul>
2013 B.S.	<ul style="list-style-type: none"> <li>• Issue of executive order for the legal variety of co-operative societies by the government</li> <li>• Government incorporated Bakham Saving and Credit Co-operative Ltd in Rapti Valley, Chitawan by issuing executing order for its legal validity.</li> </ul>
2016 B.S.	<ul style="list-style-type: none"> <li>• Co-operative department transferred under the Ministry of Food, Agriculture and Forest.</li> <li>• Issue of co-operative Acts 2016</li> </ul>
2018 B.S.	<ul style="list-style-type: none"> <li>• Issue of co-operative Regulation 2018</li> <li>• First amendment of co-operative Act 2016</li> <li>• Establishment of co-operative Development Fund</li> </ul>
2019 B.S.	<ul style="list-style-type: none"> <li>• Establishment of Co-operative Training Center</li> <li>• Establishment of co-operative exchange and Loan Association</li> <li>• Issue of co-operative Bank Act. 2019</li> </ul>
2020 B.S.	<ul style="list-style-type: none"> <li>• Establishment of co-operative Bank.</li> </ul>
2021 B.S.	<ul style="list-style-type: none"> <li>• Being of Agriculture Reorganization Program.</li> <li>• Co-operative staffs transferred to Land Reform Program.</li> </ul>
2023 B.S.	<ul style="list-style-type: none"> <li>• Co-operative Division had been transferred under the ministry of land reform Agriculture and Food.</li> </ul>
2024 B.S.	<ul style="list-style-type: none"> <li>• Formation of central investigation committee.</li> <li>• Co-operative Bank had transferred into Agriculture Development Bank</li> </ul>

2026 B.S.	<ul style="list-style-type: none"> <li>• Co- operative Division transferred under the ministry of Land Reform.</li> <li>• Operation of co-operative Agriculture Development.</li> <li>• Co-operative Exchange and Loan Association changed into District cooperative Association.</li> </ul>
2027 B.S.	<ul style="list-style-type: none"> <li>• Second Amendment in co-operative Act 2016.</li> <li>• The management of co-operative societies has transferred to ADB/N.</li> </ul>
2028 B.S.	<ul style="list-style-type: none"> <li>• First Amendment in co-operative regulation 2018.</li> </ul>
2029 B.S.	<ul style="list-style-type: none"> <li>• Operational of regular co-operative education program.</li> </ul>
2034 B.S.	<ul style="list-style-type: none"> <li>• Fiscal Regulation 2034 issued for the Sajha Society Management.</li> </ul>
2035 B.S.	<ul style="list-style-type: none"> <li>• Management of Co-operatives transferred to operating committee from ADB/N.</li> <li>• Issue of fiscal and administrative regulation for co-operatives.</li> </ul>
2041 B.S.	<ul style="list-style-type: none"> <li>• Sajha Society Act. 2041 was issued.</li> </ul>
2043 B.S.	<ul style="list-style-type: none"> <li>• National co-operative seminar conducted.</li> <li>• Issue of Sajha Society Regulation 2043.</li> </ul>
2044 B.S.	<ul style="list-style-type: none"> <li>• Member's high level central co-ordination committee formed for the effective development of Sajha movement.</li> </ul>
2045 B.S.	<ul style="list-style-type: none"> <li>• Announcement to return of compulsory saving to the savers.</li> </ul>
2046 B.S.	<ul style="list-style-type: none"> <li>• Formation of adhoc committee for the formation of central Shaja Society.</li> </ul>
2047 B.S.	<ul style="list-style-type: none"> <li>• Formation of 7 member central co-operative general Association consulting committee and the committee submitted its report.</li> </ul>
2048 B.S.	<ul style="list-style-type: none"> <li>• Co-operative Act 2048 issued.</li> <li>• Sajha Development Department transferred into co-operative Department.</li> <li>• Sajha Training center transferred into co-operative Training Center.</li> </ul>
2050 B.S.	<ul style="list-style-type: none"> <li>• Co-operative Society Regulation 2049 issued.</li> <li>• Establishment of Nepal Federation of Saving and Co-operative Union Ltd.</li> <li>• Consumer and saving and credit co-operative societies are established at the large scale all over the country.</li> </ul>

2052 B.S.	<ul style="list-style-type: none"> <li>• Formation of high-level committee for co-operative improvement and proposal submitted.</li> </ul>
2058 B.S.	<ul style="list-style-type: none"> <li>• Announcement of observance of International Co-operative Day by the Government.</li> </ul>
2060 B.S.	<ul style="list-style-type: none"> <li>• Establishment of National Co-operative Bank Ltd.</li> </ul>
2061 B.S.	<ul style="list-style-type: none"> <li>• Structure of co-operative Division changed according to the administrative improvement program.</li> <li>• Government of Nepal announced the policy of “GAUN-GAUNMA SAHAKARI GHAR GHARMA BHAKARI” through its budget fiscal year 2061/062.</li> </ul>
2062 B.S.	<ul style="list-style-type: none"> <li>• Change of name of District co-operative office into division cooperative office.</li> </ul>
2063 B.S.	<ul style="list-style-type: none"> <li>• Celebration of Co-operative Golden Jubilee 2006/7 throughout the country.</li> </ul>
2065 B.S.	<ul style="list-style-type: none"> <li>• Issue of registration criteria for cooperative societies.</li> </ul>
2068 B.S.	<ul style="list-style-type: none"> <li>• Issue of cooperative directive 2068</li> </ul>

Source: Cooperative Directory, 2007

During last 57 years in the history of cooperative movement in Nepal, cooperative development passed through many managerial ups and downs causing a high inconsistency. The cooperative movement remained affected by the political changes in the nation that brought the situations among the people not to believe readily the philosophy of cooperative in practice. Moral objectives, social objectives, service to the members, good quality, cheap pricing, reasonable profit, cooperative principle have been the major challenges for cooperative organization in the present context of competitive market.

## **2.3 Review of Theoretical Perspective**

### **2.3.1 International Perspective**

Cobia (1989) in his book has stated that co-operative is a user-owned and user-controlled business that distributes benefits on the basis of use. According to patronage proportionality – ‘a co-operative is a private business organized and joined

by members to fulfill their mutual economic needs as patron of the business, with the key control, ownership, and income distribution decision based on patronage proportions; namely, member voting, equity capital investment by patrons, and distribution of net income to patrons are proportional to use of the co-operative. The terminology used to describe cooperative and other firms differs widely. Co-operatives are also commonly called nonprofit corporations or patron-owned corporations. The distinction between co-operative and other businesses is that co-operatives return net income to users or to patrons, while other business firms return net income to users or to investment.

Zeuli & Cropp (1995) in their article concluded that the cooperative model has been adapted to numerous and varied businesses. In 1942 Ivan Emelianoff, a respected cooperative scholar, remarked that “the diversity of cooperative is kaleidoscopic and their variability is literally infinite. According to United States Department of Agriculture (USDA) cooperative is a user-owned, user controlled business that distributes benefits on the basis of use. This definition captures what are generally considered the three primary cooperative principles: user ownership, user control and proportional distribution of benefits. The “user-owner” principle implies that the people who use the cooperative help finance the cooperative and therefore, own the cooperative. Members are responsible for providing at least some of the cooperative’s capital. The user control concept means that member of the cooperative govern the business directly by voting on significant and long term business decisions and indirectly through their representatives on the board of directors. Equitable voting right or democratic controls are hallmark of cooperative. “Distribution of benefits on the basis of use” describes the principle of proportionality, another key foundation of cooperatives. Members should share the benefits, costs and risk of doing business in equal proportion.

Swami and Gupta (2006) in their article explained that India is a country of villages (near about 7.5 lack villages). Majority of the population (72%) of the country lives in villages; it means almost two third populations 56 of the country lives in rural areas. Sixty per cent working population of the country is dependent on agriculture and its allied activities for livelihood. The rural economy is the main base of Indian economy which contributes 18 per cent share in national income. Author presented study in

three sections, first two exhibit a searching analysis of many aspects of rural development, especially concept, significance, current issues and strategy of development as well as various rural development schemes, role of NGOs etc. section third consists with various aspects of co-operation such as concept, principles, origin of the co-operative movement in India and abroad, and co-operation during planning period etc. In India the solution of the socio-economic problems such as poverty, unemployment, indebtedness, population explosion, low productivity, disparities, illiteracy, etc. can be solved with understanding the significance of rural development and co-operation in India. Co-operation is concerned with all aspects of human life i.e. economic, social, political, moral and religious aspects, rather than any other. In the book author arrived at a conclusion that the country (India) can achieve the target of sustainable development only through rapid rural development with the help of co-operatives, particularly under the conditions of globalization. Co-operation had contributed in the success of economic planning. Government policies are implemented with the help of co-operative societies in rural areas. Through the co-operative societies government seeks public support and awareness.

### **2.3.2 National Context**

Bastola (2008) in his article stated that cooperatives not only generate income to its member but also taken overall responsibility of them. In Nepal multipurpose cooperative are in practice, they inspire the villagers for modern agriculture system, to grow off seasonal vegetable and professional animal husbandry. They promote the product in market and arrange the sales it reasonable rate. Besides this, cooperative is working for social welfare also. It is acting for the development of leadership skills of the women informal education providing health service through health campaign and other skill-oriented training is also given to rural women. Thus cooperative organizations are bringing revolutionary change to the life of rural woman.

Badal (2012) in his interview said that after two decades of liberal economy, the international community has realized that it cannot bring long lasting economic solutions in the world. In this context, cooperatives have provided the basis for the shift from liberal to mixed economy. Knowing the importance of cooperatives as a way for the future economy, the United Nations has also celebrated the year 2012 as a year of the cooperatives. One of the aims of the year was to make the world happier

through the cooperatives. The theme of the year is cooperatives as enterprises for the better world. The UN has urged the governments around the world to make cooperatives friendly legislations and create conducive environments for these organizations.

Shrestha (2014) in his article revealed that, problems seen in the cooperative were due to cooperative Act 1992. The problem is aggravating as the Act has not been amended as per the changed context. A high level commission formed last year by the government had found 130 saving and credit cooperatives in troubled state. They had total liabilities amounting to Rs. 10 billion- Rs. 7.6 billion deposits and Rs. 2.4 billion in interest amount. Though cooperative have been doing remarkable works toward alleviating poverty and making contribution to the national economy, wrongdoing of some cooperatives is tarnishing the image of entire cooperative sector.

Savings and credit cooperatives (SCCs) provide a variety of microfinance services to households in three of Nepal's distinct regions—the Hills, Tarai, and Kathmandu Valley. Nearly all Nepali SCCs are self-funded using member savings and equity. Most Nepali SCCs are also profitable, including those located in poor, remote areas of the Hills region. Key reasons for the SCCs' strong financial performance include reliance on member savings and control of administration costs. High-profit SCCs also show superior interest earnings on loans compared to low-profit SCCs. Nepali SCCs do not need concessionary funds, because they are already profitable and able to mobilize member savings. While savings-led microfinance in Nepali SCCs is a slow process, there is significant long-term outreach potential in local communities. The government and donors should pursue institution building strategies to strengthen Nepali SCCs and should not provide concessionary funding.

A large majority of the rural communities are poor and they cannot access credits and other groups have the potential to foster economic growth in the community and build the spirit of cooperation. With local ownership and control, and net profits that are distributed to those who are a member of the cooperative and groups, these institutions are considered to be an ideal model for local economic development. They can be the foundation for a community's economic empowerment and sustainability which has become extremely critical with current economic woes.

### **2.3.3 Present Status of Cooperative in Nepal**

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

## **2.4 Empirical Review**

### **2.4.1 International Context**

Shutang & Apedaile (1989) in their study paper have explained that agricultural cooperatives can offer a balance among individual productive initiative, imperfectly competitive markets, imperfect government, and concentration of land and wealth. They make a stand against monopoly pricing, and ideally aim for competition among equals. Co-operatives not only promote co-operation among their members, but also seek to cooperate with other similar organizations. They are competitive for resources and in the market-place, but co-operative practice is likely to be most successful as economies change and restructure.

Gupta & Jain (2012) in their research conducted that in India concluded that the financial performances of Urban Cooperative Banks (UCBs) improved in 2010-11 though there are some concerns with regard to some of the UCBs reporting negative CRAR. Within the rural cooperative sector, State Cooperative Banks and District Central Cooperative Banks (DCCBs) reported profits but the ground level institutions, i.e., Primary Agricultural Credit Societies (PACS) continued incurring huge losses. The financial performance of long term cooperatives was found to be even weaker than their short term counterparts. Also, it was observed that the branch network of cooperatives, though widespread across the country, continued to be concentrated in

certain regions. Moreover, the network of cooperatives was not broad based in the north-eastern region of the country. This suggests that efforts need to be taken to improve banking penetration in the north-eastern part of the country along with improving the financial health of the ground level cooperative institutions.

Oluyombo (2012) on his paper revealed that increase in household income was traced to the role of cooperative societies from the study which further creates happiness, satisfaction and self-fulfillment to the members thus removing them from psychological depression, worries and sense of rejection by the society. As a result of membership of the cooperatives, the members are more likely to have better economic conditions and be able to afford most of the essential needs of the family and perhaps to invest more funds into their trades for future growth as found in the result of enterprise assets acquired which led to better living standard. The insignificant result of  $p=0.273$  on enterprise profitability suggests that cooperatives may not be the right source of rural finance to achieve better enterprise profitability. Improved standard of living was found among the members because the cooperative loan helps them to increase household income, acquire household assets and enterprise assets, and they were satisfied with the savings and loan products offered by the cooperative. Access to loan has positive impact on the lives of the members. However, the role of cooperative was moderate on economic uplift of members because strong positive relationship between the cooperative loan and members' performance at household and enterprise levels was not found in the study.

The cooperative also leads to physical, social and financial capitals which are found in the social capital theory. This can be explained further that cooperative societies lead to the creation of financial capital, physical capital and social capital for individual members because they participate in and enjoy the benefits of the program savings and loan services. The study result further enhanced the use of social capital theory as theoretical underpinning for members sponsored informal rural finance provider especially, the cooperative societies that offers savings and loan services to their members in rural areas.

The first reason is the imperfection of law on cooperatives that would define necessary and sufficient specifics of its operation, as well as provide legal protection both inside the cooperative and with other stakeholders. This would also protect

ownership rights and responsibilities of members as well as enable cooperatives to have diplomatic relations with other legal entities, such as processors. Second, there have been many cases when local people confused cooperative enterprise with once-prevalent collectives from the Soviet Union time. This caused expectations of waiting for governmental aid. Meanwhile, members did not contribute to the formation of common equity of the cooperative. However, they should be more concentrated on cooperatives' self-help, self-reliance and self-responsibility aspects rather than waiting for the external support.

#### **2.4.2 National Context**

Gautam (2000) in his thesis paper has concluded that livestock farming and milk production is not their fulltime job. It implies that milk production has not yet been developed as full time job. Average 2.43 hrs of per day they devoted to serve the livestock. This shows that it is a part time job. The income of the farmers has been increased by double after the establishment of dairy development project. Thus the role of Dairy Development Project on farmer's income is quite positive.

Sharma (2009) in his thesis has concluded that cooperative plays vital role for the improvement of the socio economic condition of the people. Firstly, fostering feeling among rural farmers. Secondly, providing marketing facilities to rural milk producers and thirdly, providing saving and credit facilities to the rural poor farmer. Dairy cooperatives have made the farmers to unite themselves in groups and they have feeling of togetherness. This sector has significant impact on the quality of life. Number of people has changed their patterns of life as well as their mode of living. This has been measured during study by analyzing their socio-economic status, and their awareness level. Through the study the researcher has found that this dairy farming has lot of potentiality instead of having lot of problems in this sector, like-lack of institutional facilities, veterinary facilities, animals health, insurance low price of milk, milk holidays, subsistence level of farming etc. these problems hinders in development of this sector but these problems have solution. Problems lies in every sector but if we can solve through the involvement of government and private sector in this field then this sector has lot of capacities and it can be a means of rural development.

Malla (2014) on his thesis found that as the members are the only user and suppliers of the service of the cooperatives, it is rather unless to drive cooperative without the active participation of the members. Participation of member is essential for cooperative to function effectively. In this way, results in a stronger sense of “ownership” on the part of member. Economic development of the cooperative is essential requisite for the existence and long term survival. Share capital, reserve fund and total deposits play vital role in the economic development of cooperative organization. On the other hand, financial monitoring and analysis system is also essential for maximizing the profit.

Tuladhar (2009) in his thesis examined that Small Farmer Cooperative Limited (SFCL) in Nepal is touched with the pro poor and marginal farmers of the state. SFCL is community based grass root institution and has become the active player in rural economy. The study has vividly pictured the explicit role of SFCL for increasing income farm and nonfarm based micro enterprises in small farmers in grass root level. The encouraging trend of increased self-employed scenario demonstrates the capability of institution to meet its objectives and economic uplift of rural poor.

## **CHAPTER III: RESEARCH METHODOLOGY**

Methodology involves methods and techniques of data collection and analysis. Methodology is also defined as a process of completing the study. It describes the steps to carry out the research work. It clarifies the concept and provides path to the study.

### **3.1 Research Design**

This study has been carried out on the basis of descriptive research design. The study has been focused on the contribution of cooperative in socio-economic impact of saving and credit cooperative. Beside this, it has also tried to discover the present status, problems and prospectus.

### **3.2 Nature and Sources of the Data**

This study is based on the primary as well as secondary data. This study has been mainly based on primary data, which has been collected from the field survey using structured questionnaire, focused group discussion and the observation method. The related secondary data is obtained from secondary sources e.g. books, pamphlets, articles, reports, web-sites, journals, annual reports, economic survey and difference sources.

### **3.3 Universe, Sample and Sampling Procedure**

The universe of this study has been the total members of NSCCL. There are 1000 members of which 400 are men, 335 are women and 265 are children. 200 members are from local residency near the NSCCL. The researcher had selected 50 members as respondents of 200 local residency members of this cooperative. The sample had been selected by using simple random sampling method to obtain desire result. During the study, visits were made to every member's house to achieve the desired objectives.

## **3.4 Techniques and Tools Data Collection**

Both quantitative and qualitative data had been collected in this study. To collect primary information following methods had been used.

### **3.4.1 Household Survey**

To obtain the primary data face to face interview (unstructured and structured) had been adopted, where each and every respondent was approached directly to identify the needs of the rural people. An interaction program was organized with the respondents. The researcher had used questionnaire that included; general information, family background, information on income, borrowing, expenditure, business activities, occupational change, income generation, economic empowerment, employment creation, and strengthening of rural economic.

The format of household survey questionnaire is given in Annex 1.

### **3.4.2 Key Informant Interview**

Experts, scholars, educated person, executives and administrative personnel were the sources of special or key information in this survey. The sampled experts were interviewed with the help of unconstructed interview questions and their response was noted. Group discussion was held with five resource persons of various backgrounds as listed below for nearly two hours to discuss about NSCCL and to collect in-depth information. Out of 5 key informants, one is Chairman of the NSCCL, two is Treasure of the organization, three is Secretary of the organization, four is Account Coordinator of the organization and five is member of NSCL.

The format of Key Information Interview questionnaire is in annex II.

### **3.4.3 Focus Group Discussion**

For the collection of qualitative data focus group discussion is very important. Focus group discussion had been carried out in this study. Different issues related with saving and credit occupation had been put forward to the group for discussion. Discussion was made on both positive and negative prospectus. There were seven members to discuss on NSCCL. After being acquainted with each other, discussion

was held on contributions made by NSCCL to its members and to the society by bringing changes in their income, playing role in uplifting lifestyle, increasing empowerment. NSCCL present activities and its problems were also discussed.

The format of Focus Group Discussion questionnaire is in annex III.

### **3.5 Method of Data Analysis**

Collected information has been processed and analyzed scientifically with the help of computer software like excel as well as manually. Different tables have been prepared for different socio-economic variables. Mathematical calculation and statistical operations and tests have been performed for quantitative information. Qualitative information has been presented in descriptive way. To visualize information different diagrams and charts has been prepared.

## **CHAPTER IV: DATA PRESENTATION AND ANALYSIS**

### **4.1 Profile of the Study Area**

Introduction: Lalitpur is one of districts in the Bagmati Zone of central Nepal. The district covers an area of 385sq. km (149 sq mi) and has a population of 468,132 (as of 2011 B S)). It is one of the three districts in the Kathmandu Valley. Along with Kathmandu and Bhaktapur, Mahalaxmi is a Municipality that lies in the north-eastern part of the Lalitpur district. As per the declaration by the government of Nepal in 2015, the areas of the five Village Development Committees in the north-east of Lalitpur, including Imadol, Lubhu, Tikathali, Siddhipur and Lamatar, were combined to form Mahalaxmi City. The city derives its name from the Mahalaxmi-Mahabhairav Temple in Lubhu. The city's total area is 26.5 square kilometers. The Mahalaxmi Municipality has a total number of 19 wards. The old VDC offices are used as joint ward office now. (Wikipedia 2017)

This thesis proposal was submitted from Imadol. IMADOL ([Newar](#): :□□□□□□) is an area lying around the West and North-West regions of [Mahalaxmi Municipality](#) in [Lalitpur District](#) in the [Bagmati Zone](#) of central [Nepal](#). It lies to the southeastern quarter of [Patan](#), to the southeast of [Kathmandu](#). As of [2011 Nepal census](#) it had a population of 27,327 living in 6,898 individual households. Until 2015, Imadol was a [Village Development Committee](#) but now it is called Mahalaxmi Municipality. The caste-ethnicity make-up of the district is diverse. Brahmin, Chhetri, Newar, Magar, Tharu, Musalman, Tamang, Kami, Rai, Gurung, Damai, Limbhu, Sarki, Kumal and Dalit are the majority indigenous population, and are spread throughout the district. Niswartha Saving and Credit Cooperative selected for the case study lies in Mahalaxmi Municipality Ward no-18, Imadol, Lalitpur. (Wikipedia, 2017)

### **An Introduction of NSCCL**

The Niswartha Saving and Credit Cooperative was formed and registered as an institution in 2067 BS. It is situated in Ward no 18 of Mahalaxmi Municipality, Imadol Lalitpur. It has 1000 members among them nearly 500 are male and 500 are

female. It started the operation of saving and credit facilities since its establishment. Till now, it has collected NRs. 8,644,714.12 as savings and NRs. 1,272,500.00 as share amount. Out of which approximately NRs.100, 000.00 is circulated among the shareholders as loan with and without any securities. It extends its hands on social sectors also like scholarship for students, for proving financial support to women giving birth (limited to two pregnancies only), and honor senior citizen members.

## 4.2 Social Composition of the respondents

### 4.2.1 Cast/Ethnicity

The main inhabitants of the study area were Brahman/Chhetri/Newar. They were involved in the business and various other jobs so the economic condition of the Brahman/Chhetri/Newar was found to be quite good than of other caste like Dalit, Janajati, Muslim.

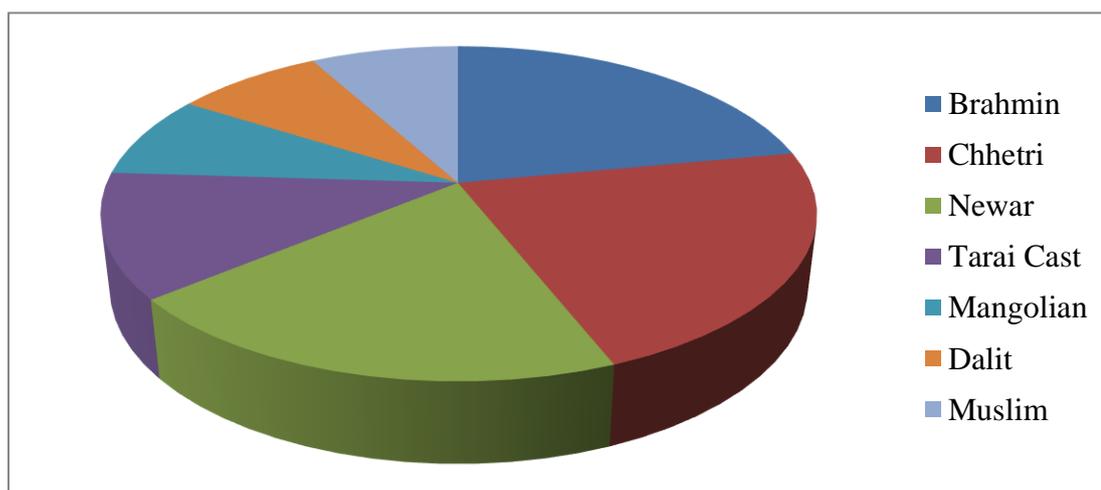
**Table 4. 1: Cast/Ethnicity of Respondents**

Cast/Ethnicity	No. of Respondents	Percentage
Brahmin	11	22%
Chhetri	11	22%
Newar	10	20%
Tarai Cast	6	12%
Mongolian	4	8%
Dalit	4	8%
Muslim	4	8%
Total	50	100%

Source: Field Survey, 2017

The above Table 4.1 shows that out of total 50 respondents Bhramin were 11, Chhetri 11, Newar 10, Tarai Cast 6, Mangolian 4, Dalit 4 and 4 were Muslim.

**Figure 4 1: Caste/Ethnic Composition of Respondents**



Source: Field Survey, 2017

The Figure 4.1 shows that in the survey area majority of the respondent were Brahmin-22%, Chhetri-22% and Newar-20% and involvement of other cast in the cooperative was negligible. They were not interested to get membership. This shows that there is lack of cooperative knowledge in other cast/ethnic group in the study area.

#### 4.2.2 Education

Education is an important factor that determines the person's attitude, behavior and practice which help to social and economic development. In the study level of education of the respondents were studied to find out the status of respondent's level of education. Different levels were found during study which is discussed below.

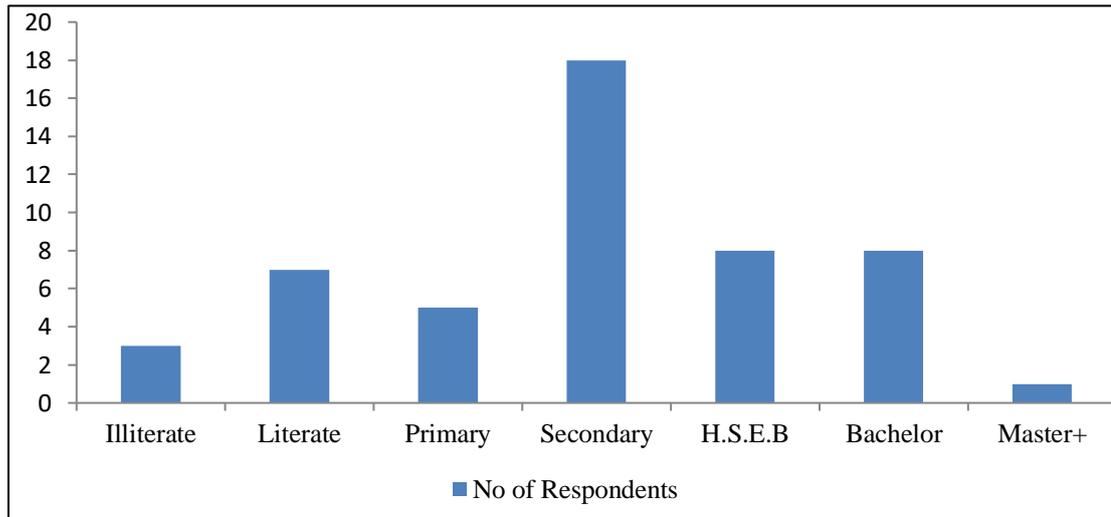
**Table 4. 2: Distribution of Respondents by Education**

Education	No of Respondents	Percentage
Illiterate	3	6%
Literate (Common reading and Writing)	7	14%
Primary Level	5	10%
Secondary Level	18	36%
Higher Secondary Level	8	16%
Bachelor Level	8	16%
Master Level	1	2%
Total	50	100%

Source: Field Survey, 2017

The Table 4.2 shows that in cooperative 10% of respondents were primary level educated and only 1% were master level. 6% were illiterate, they could not read and write. Similarly 7% respondents could hardly read. Likewise, secondary level, higher secondary level and bachelor level educated respondents were 36%, 8% and 8% respectively.

**Figure 4. 2: Education of Respondents**



Source: Field Survey, 2017

The above Figure 4.2 shows that out of 50 respondents, 3 were illiterate, 7 were literate but could do general reading and writing, 5 were of primary level, 18 were of secondary level, 8 were of higher secondary level, 8 were of bachelor and 1 was master level passed. This shows majority of respondents were secondary level educated and very few were highly educated. There were educated people in the cooperative but only of old age. Both illiterate and literate were found to be interested to get membership in the cooperative. In this cooperative member were found to be involved in business and operated small grocery shops, tailoring shops, shoes shops, small food stalls, meat shops etc. They all had come from villages or rural areas. Only few people were local resident.

### 4.2.3 Sex Structure

Male and female both were found actively participating in cooperative but female were slightly more in numbers. Out of 50 respondents, 29 were female and 21 were male. The composition of the respondent by the gender is given below in detail.

**Table 4. 3: Sex Structure of Respondents**

Sex	No. of Respondents	Percentage
Male	21	42%
Female	29	58%
Total	50	100%

Source: Field Survey, 2017

The above Table 4.3 shows that 42% respondents were male and 58% respondents were female. Male were not actively participating in program because either they did not have time due to other activities or most of the male are in Gulf countries for work. Women are found to be active to save money for future.

### 4.2.4 Age Structure

The shareholders were surveyed during the study. In the study area age group were found from 5 years to as much as 55 years. During the survey, parents were answering on behalf of children of below 15 years of age. The age group of the respondents is given below in detail.

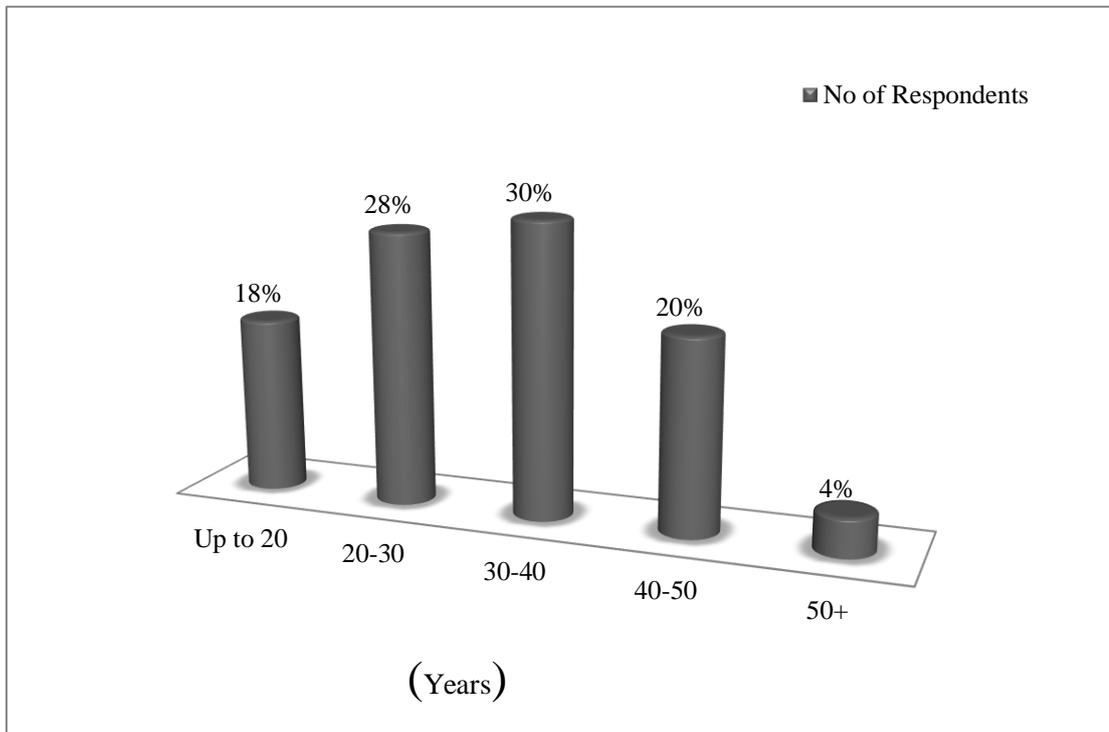
**Table 4. 4: Age Structure of Respondents**

Age of Respondent (years)	No. of Respondents	Percentage
Up to 20	9	18%
20-30	14	28%
30-40	15	30%
40-50	10	20%
50+	2	4%
Total	50	100%

Source: Field Survey, 2017

From the Table 4.4 we find that respondents of age between 30 to 40 years were 15. Similarly, numbers of respondent between 20 to 30 years were 14. Respondents of 50+ years were found very few i.e. 2. This shows that mostly respondents of age 20 to 40 were very interested in cooperative than other age group.

**Figure 4. 3: Age Structure of Respondents**



Source: Field Survey, 2017

Figure 4.3 shows that respondents of age up to 20 year were 18%, of age between 20 to 30 were 28%, of age between 30 to 40 were 30%, of age between 40 to 50 were 20% and of age above 50 years were 4%. Respondent of age between 20- 40 years were found in high numbers actively participating in cooperative and of age above 50 were very few.

#### **4.2.5 Family Type**

Family is a basic unit of society. It is a group of persons of different ages and sexes living together under same roof with common provisions, responsibilities and resources. There is sympathy, cooperation and friendliness. If there are problems they

collectively solve them. Thus family pattern has affected the socio economic impact of cooperative. The distribution of respondent by family type is shown in table below.

**Table 4. 5: Respondents by Family Types**

Family Types	No of Respondents	Percent
Nuclear	38	78%
Joint	12	22%
Total	50	100%

Source: Field Survey, 2017

The Table 4.5 shows that 78% respondents lives in nuclear family and remaining 22% in joint family. In the study area nuclear family are seen higher than joint family. This shows that people living in nuclear family were interested in cooperative and they are actively participating in the program and all were from villages and rural areas coming to work and do business in Kathmandu city.

#### 4.2.6 Marital Status

Among 50 respondent 32 were found married and remaining 18 were found unmarried. This shows that most of the respondent involved in cooperative are married. This is shown in table below.

**Table 4. 6: Respondents by Marital Status**

Marital Status	No. of Respondents	Percentage
Married	32	64%
Unmarried	18	36%
Total	50	100%

Source: Field Survey, 2017

The Table 4.6 shows that 64% of respondents were married and rest 36% were unmarried in the study area. This also shows that there was on one widows, widower and separated. In this cooperative's members concepts is to gain interest rate of money and save money for future

#### 4.2.7 Religion

In the study area people with different religion reside. People's religion also play very significant role in the socio economic impact since it is very sensitive. This can be shown by figure below.

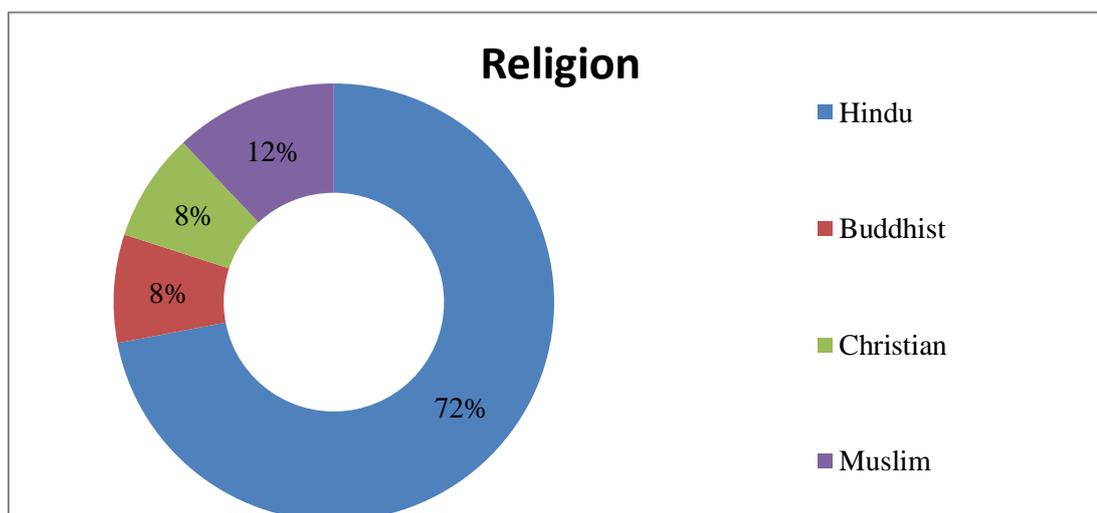
**Table 4. 7: Distribution of Respondents by Religion**

Religion	No. of Respondents	Percentage
Hindu	36	72%
Buddhist	4	8%
Muslim	4	8%
Christian	6	12%
Total	50	100%

Source: Field Survey, 2017

From the above Table 4.7, it is found that, in the study area out of 50 respondents, 36 were Hindu, 4 were Buddhist, 4 were Muslim and 6 were Christian. This shows that in study area dominance of Hindu religion was noticed.

**Figure 4. 4: Distribution of Respondents by Religion**



Source: Field Survey, 2017

The Figure 4.4 shows most of the respondents were Hindu and other Christian, Buddhist and Muslim were very few. In the study area there was domination of the

Hindu religion. Most of the people were Hindu and there was very few found from other religion thus in cooperative Hindu were found high.

### **4.3 Present Situation and Activities of the Cooperative**

Co-operatives have direct and indirect contributions on socio-economic development by promoting and supporting entrepreneurial development, creating productive employment, raising incomes and helping to reduce poverty while enhancing social inclusion, social protection and community-building. Whilst cooperatives directly benefit their members, they also offer positive externalities for the rest of society, and have a transformational impact on the economy. Some of the specific ways cooperatives contribute to development goals include:

The thesis, NSCCL is located in Mahalaxmi Municipality Lalitpur. There are nearly one thousand members of which two hundred are local residents. NSCCL was established in 2067 BS. NSCCL has very good reputation in the market for its contribution in socio-economic sector. It has issued loan amounting to nearly NRs 10 Million in the markets.

Cooperative is the kind of institution where people deposit small amount of money every day and after a year or two it will become an amount enough to provide financial support to take care of important needs of the people. Nepal is one of the poorest countries in the world. Poverty is playing havoc in rural Nepal. In this situation cooperative is becoming a most important tool to cope with poverty in Nepal. People save money in the cooperative as per their own rules and regulations and it provides loan to the people who is in need of financial support.

NSCC was established 7 years ago. First people collected and saved money as a group then they decided to carry out financial activities through cooperative and thus NSCCL was registered in 2067 BS. Since then NSCCL had been involved in cooperative activities. At present NSCCL has issued NRs 8,464,000.00 in the market as a loan. It has total capital of NRs 10,146,528.00. Share has been issued amounting NRs 1,272,500 00. Daily saving and monthly saving is NRs 1984810.00 and 6659904.12 respectively. In total saving is NRs 8644714.12. Cash money and Bank deposit is NRs 120578.00 and 1497561.00 respectively. In total cash and bank deposit

is NRs 1618139.00. Similarly income statement shows that bank loan interest is NRs 4401.88 and cash loan interest NRs 841693.00 in total NRs 846094.88.

NSCCL has been doing all activities and work in accordance with international rules and regulations and its prime objective is to encourage its members for saving or to collect money in small amount from its members and deposits it in their accounts as well as to provide loan to its members for supporting to develop socio-economic conditions in their society. Currently the cooperative business has become competitive and mostly the economic sector is moving very fast. Cooperative has to play very important role at this competitive stage. Today, people want to decrease dependency on others in the community and want to rely mostly on themselves. In this situation NSCCL has been playing an important role by providing many services to make quality of life good for the members and putting forward sustainable developing program.

Similarly these days, this cooperative is inspiring its shareholders to make the institution strong and run it smoothly and efficiently. They have been engaged in developing entrepreneurship for enhancing their work performance to the best of their ability. This can be described as below:

### **1. Membership of District Cooperative**

Although the organization is based on cooperative association-based self-governance, it has received membership of the District Co-operative Association for accomplishing the beautiful values, motives and principles of the cooperative and to get necessary training and education.

### **2. Board Member Meeting**

NSCCL has been conducting board meeting as required every year and the meeting of various committees and sub-committee members is being conducted to take decisions making suggestions as per laid down program.

### **3. Membership**

Among 335 shareholders, there are 156 women and 175 men. To make NSCCL socio-economically sustainable the shareholder members are taking leading role in the membership drive.

#### **4. Daily Work Operation**

Management structure has been made such that it is playing vital role to make NSCCL run smoothly, systematically and efficiently making it member oriented and profitable. To improve the quality of cooperative works and for smooth daily work operations, there is committee, sub-committee and employees.

**Table 4. 8: According to the NSCCL:**

Titled	Members
Operation Committee	5 members
Suggestion Committee	3 members
Account Auditing Committee	3 members
Training Committee	3 members
Loan and Sub-Committee	3 members
Employees	7 members
Supervision	1 member

Sources: annual report 2017

#### **5. Remittance Services**

A remittance is a transfer of money by a foreign worker to an individual in his or her home country. Money sent home by migrants competes with international aid as one of the largest financial inflows to developing countries.

NSCCL has been providing remittance services to the members. The cooperative has been able to provide easy and fast remittance services to its members for the reason that most of its members (especially women member's husband) are in gulf countries. Remittance service has played most importance role in the society.

#### **6. Honor Program**

NSCCL has been operating the Honor program to morally encourage its members who are saving money for difficult time and situations. This program is mostly targeted to senior citizens members. The honor program calls for giving some money as a bonus.

## **7. Student Scheme/ Khutruke Ssaving**

SLC passed students who were saving their money in daily or monthly saving accounts since their early age are entitled up to 50% interests on their savings at the time the accounts mature and thus making up to one hundred thousand for their further study. This scheme has been accepted widely by the students in the society.

## **8. Women Scheme**

One scheme is operated as Honors Program and in another scheme a reasonable amount of money is provided as a financial support to the pregnant women after they deliver a baby. This scheme is limited up to two deliveries only.

## **9. Blood Donation Program**

NSCCL has been organizing from time to time or at least once a year blood donation program in the community. NSCCL's members participate enthusiastically to donate blood for the blood bank as a contribution to the society.

10. In the study, it was observed that there has no training program running to enhance the working efficiency of its employee. NSCCL was found focusing in market for collecting money and provide loan. Every year NSCCL conducts an Annual General Meeting to inform its member of its activities in the current fiscal year and program for the coming fiscal year and to announce bonus to its shareholders. Committee members are mostly eager to see cooperative becoming financially strong.

In NSCCL it was observed that there was no training program running to enhance the working efficiency of its employee. NSCCL was found focusing in market for collecting money and provide loan to members for uplifting life standard. Sometime women members are participation in religious ceremony like Mela, Puja, Rath Yatra etc. NSCCL has been playing an important role for business enhancement in the community. Student's parents are saving in student scheme to ensure future study. Pregnant women are also benefitting from NSCCL. Mostly senior citizen women and students have been benefited from it. Men also are using facility from loan scheme for business. There are no any agriculture activities because this cooperative is inside the

city. This cooperative is planning to become large finance company. Board members seem to have registered NSCCL for encouraging self employment to its members because they do not have work. NSCCL is encouraging their members to become self employed by having their own business.

#### **4.4 Changing in Economic Composition of the Respondents**

An economic contribution analysis attempts to measure or estimate the change in economic activity in a specified region, caused by a specific policy, program, project, activity, or other economic even. It is one of the important parts of any project. Activities like, income, saving, expenditure, education, training, production etc are based on economic elements and economic activities. Major economic activities of Niswartha Saving and Credit Cooperative have been analyzed one by one as below.

##### **4.4.1 Cause of Membership**

People become members of any organization with some cause. From the field survey different cause of becoming members of cooperative were found. There were three categories found in this research. This can be explained below.

**Table 4. 9: Distribution of Respondents by Cause of Membership**

Cause of Membership	No. of Respondent	Percentage
Saving for Future	6	12%
To gain profit	2	4%
To take loan	1	2%
All	41	82%
Total	50	100%

Source: Field Survey, 2017

The Table 4.9 shows that most of the respondents become member of cooperative for all. Data shows that 82% respondents become member for all and only 2% were becomes member to take loan. This shows that people are conscious about their future so they started to save their money for future.

#### 4.4.2 Monthly Income of Members Before and After Becoming Member of Cooperative

Income is the consumption and savings opportunity gained by an entity within a specified timeframe, which is generally expressed in monetary terms. However, for households and individuals, "income is the sum of all the wages, salaries, profits, interests' payments, rents and other forms of earnings received in a given period of time. NSCCL provides loan to its members to enhance their family income through some income generating activities. Loan taken by members of NSCCL have played a crucial role to enhance their income level.

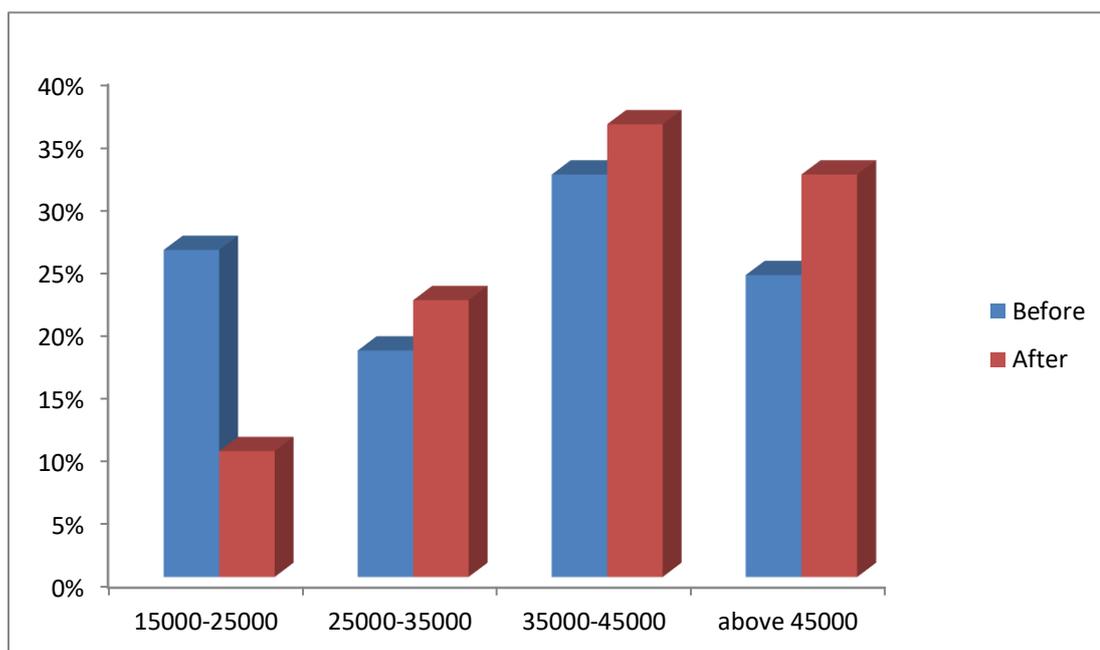
**Table 4. 10: Monthly Income Before and After NSCCL**

Monthly Income ( NRs)	Before NSCCL		After NSCCL	
	Number	Percentage	Number	Percentage
15000-25000	13	26%	5	10%
25000-35000	9	18%	11	22%
35000-45000	16	32%	18	36%
Above 45000	12	24%	16	32%
Total	50	100%	50	100%

Source: Field Survey, 2017

The Table 4.10 shows that, respondents were categorized in different income group according to their income. It was found that the number of respondents having monthly income of NRs15000-25000 have decreased after being involved in NSCCL. This is because their monthly income had increased to more than NRs15000-25000 after being involved in NSCCL. Similarly monthly income of other respondents of different income group also increased. In survey, every member was found having shops or small business and cooperative also target shops in the market. That is why their monthly income has gone up to more than NRs 45 thousands. This is explained below with figure.

**Figure 4. 5: Monthly Income of Respondents Before and After NSCCL**



Source: Field Survey, 2017

Figure 4.5 shows that 26 percent respondents earned monthly income NRs15000 to 25000 before being involved in NSCCL but after they become involved in NSCCL it has dropped down to 10 percent. Similarly, 18 percent respondents earned monthly income between NRs 25000 to 35000 before and this has gone up to 22 percent after being involved in NSCCL. Similarly, 32 percent respondents earned monthly income between NRs 35000 to 45000 before NSCCL and it has gone up to 46 percent after being involved in NSCCL. Finally, respondent's monthly income of above NRs 45000 earned 24 percent before and has gone up to 32 percent after being involved in NSCCL.

This shows that monthly income of respondent after becoming member of cooperative has increased. Income group of NRs.15000-25000 has decreased but other income groups have increased. The increase in monthly income of respondents has been possible because they get loan from the cooperative and invested in small business to generate high level of income. Thus, cooperative has been able to increase the economic activity which helped to generate high income to its members.

#### 4.4.3 Monthly Saving of Respondents Before and After Becoming Member of NSCCL

Saving is income not spent, or deferred consumption. Methods of saving include putting money aside in, for example, a deposit account, a pension account, an investment fund, or as cash. Saving also involves reducing expenditures, such as recurring costs. In terms of personal finance, saving generally specifies low-risk preservation of money, as in a deposit account, versus investment, wherein risk is higher; in economics more broadly, it refers to any income not used for immediate consumption. Saving is also an important part of economic activity. Members of NSCCL save their money for various purpose which help for capital formation and increase economic activity of members.

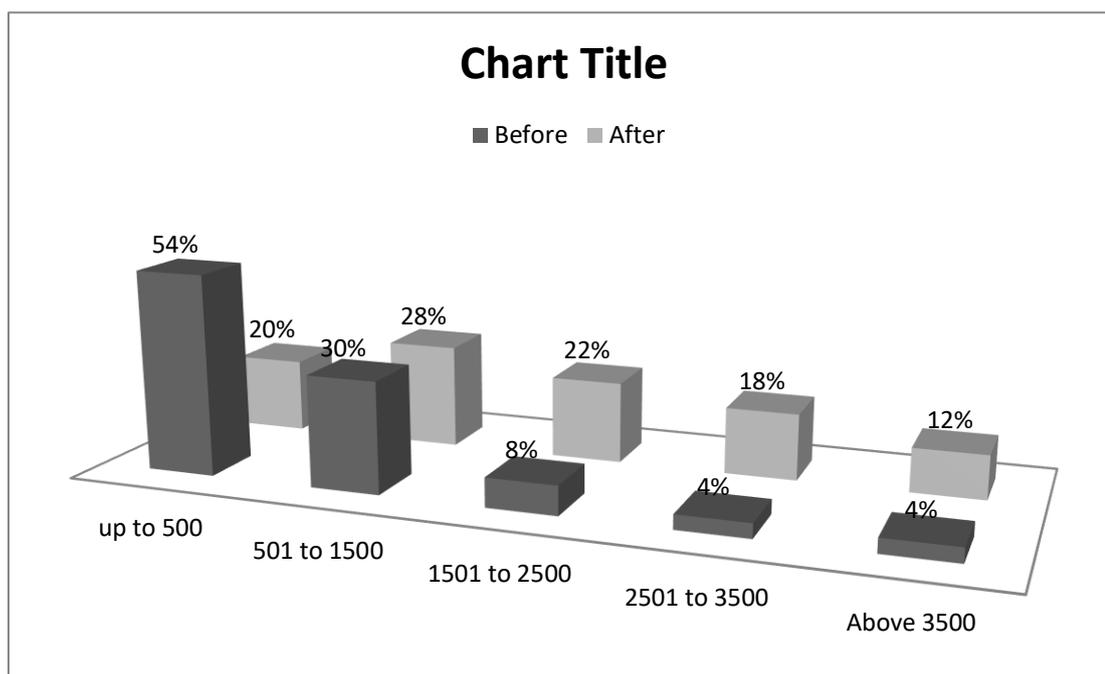
**Table 4. 11: Monthly Saving Before and After NSCCL**

Saving NRs.	Before NSCCL		After NSCCL	
	Number	Percentage	Number	Percentage
Up to 500	27	54%	10	20%
501 to 1500	15	30%	14	28%
1501 to 2500	4	8%	11	22%
2501 to 3500	2	4%	9	18%
Above 3500	2	4%	6	12%
Total	50	100%	50	100%

Source: Field Survey, 2017

The Table 4.11 shows that there were increased in the monthly saving of the respondents after getting membership in the cooperative. Monthly income of respondents increased as the cooperative generate various economic activities thus as income increased saving also increased. This is explained below with figure.

**Figure 4. 6: Monthly Saving of Respondents Before and After NSCCL**



Source: Field Survey, 2017

Figure 4.6 shows that, 54 percent respondents save monthly NRs up to 500 before NSCCL and it went down to 20 percent after being involved in NSCCL. Similarly, there was an increase in saving of respondents saving monthly NRs 501 to 1500 after becoming member of NSCCL. They decreased from 30% to 28%. Likewise, respondents saving between NRs 1501 to 2500 were increased to 22% from 8% after involving in NSCCL. Respondents saving NRs 2501 to 3500 were increased to 18% from 4% after involving in NSCCL and last respondents saving Rs. 3500 above before were 4% and after has become 12%.

Data has showed that monthly saving of respondents has increased after becoming member of saving and credit cooperative. This increase in monthly saving was due to the increase in monthly income and also cooperative buildup the saving habit in the respondents. Thus this has helped to accumulate the capital through saving program

#### **4.4.4 Respondents Taking Loan**

A loan is a debt provided by one organization or person to another organization or person at an interest rate, and evidenced by a note which specifies, among other things, the principal amount, interest rate, and date of repayment. Cooperative provide

loan to its member to generate economic activity. Financing loan is main function of saving and credit cooperative. It is the main source of income of cooperatives. In Niswartha Saving Credit Cooperative number of respondents taking loan was found as below.

**Table 4. 12: Number of Respondents Taking Loan**

Status of Loan	No. of Respondents	Percentage
Taking Loan	16	32%
Not Taking Loan	34	68%
Total	50	100%

Source: Field Survey, 2017

The Table 4.12 shows that most of the respondents not taking loan from cooperative i.e. 68% respondents not taking loan and rest of 32% takes loan. This loan enhances the economic activity of the members. More members had taken loan from cooperative but cleared.

#### 4.4.5 Purpose of Taking Loan

Among 50 respondents of the study area only 16 respondents were taking loan from the NSCCL. Purposes of taking loan were found to be different during field survey which is as described below.

**Table 4. 13: Number of Respondents by Purpose of Taking Loan**

Purpose of Taking Loan	No. of Respondents	Percentage
Business	5	31.25
Purchase Property	2	12.50
Education	1	06.25
Health	1	06.25
Domestic Purpose	4	25.00
Marriage Ceremony	2	12.50
Other	1	06.25
Total	16	100.00

Source: Field Survey, 2017

The Table 4.13 shows that, out of 16 respondents taking loan 31.25 percent have taken loan for their business and 25 percent have taken for domestic purpose. Likewise, for purchase property, marriage ceremony, education, health care and other respectively 12.5 percent, 12.5 percent, 06.25 percent, 06.25 percent, and 06.25 percent respondents have taken loan. Data has shown that most of the respondent takes loan for their business. They use loan to enhance their business. But some of respondents has taken loan for domestic purpose and purchase property, marriage ceremony etc.

#### **4.4.6 Reason behind Taking Loan**

There may be different reason to take loan for different person. Some takes because of low interest rate, some takes for easy access, some takes because no collateral required and some for any other reason. The reason behind taking loan from NSCCL is categorized as below.

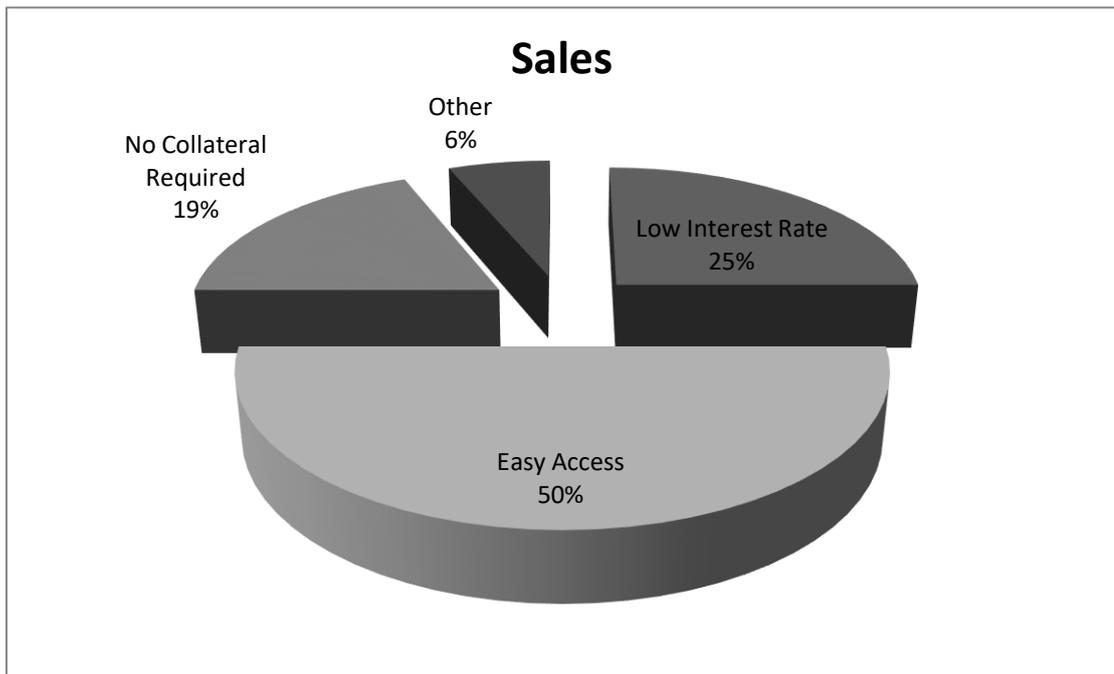
**Table 4. 14: Reason behind Taking Loan from NSCCL.**

Reason	Number of Respondents	Percentage (In Round Figure)
Low Interest Rate	4	25%
Easy Access	8	50%
No Collateral Required	3	18.75%
Other	1	06.25%
Total	16	100%

Source: Field Survey, 2017

The Table 4.14 has shown that most of the people take loan due to easy access and low interest rate. Cooperative provides loan easily without any difficulties thus most of the respondents are taking loan from cooperative for various purposes. Only few respondents have taken loan because of no collateral required and other reason. It can be explain by figure below.

**Figure 4. 7: Number of Respondents by Reason of Taking Loan**



Source: Field Survey, 2017

The Figure 4.7 shows that 50% of respondents have taken loan because of easy access. 25% have taken loan because of low interest rate. Likewise, only 19% and 6% respondents have taken loan because of no collateral required and other reason respectively. The data has shown that mostly people takes loan because of low interest rate and easy access. Loan provision is very simple and easy in cooperative. And interest rate charged by such cooperative is lower than that of other banks and financial institution. Thus people are attracted towards cooperative.

#### **4.5 Challenges of NSCCL**

In present competitive business context, organization must need to look for new opportunities and challenges and act according to the situation. Such move requires take in to consideration member's needs, market trends and competitors movement to update themselves. Member is the key factor for business operation; they are the targeted people to use product or service and source of revenue. Therefore member satisfaction is most important for every cooperative. Similarly, another key aspect is to evaluate the strengths and weaknesses of the cooperative before entering the market or modifying the existing services. Being able to seize strategic opportunities also

involved shortening production cycles and remaining constantly alert in order to find the right people to help the cooperative rise to strategic challenges.

#### **4.5.1 Lack of awareness and information**

NSCCL has very good role in market but in member it is very poor conditions. There is no any kind of empowerment work to improving their lifestyle. It is only playing to role taking and giving money to difficult time. This cooperative has no provided any training to member. So people are upset for it. All members are wanted to take any kind of empowerment skills, training, classes to illiterate members to uplifting life. These all are very poor conditions in NSCCL.

#### **4.5.2 Inadequate amount of loan provision**

Member's saving is low and loan demand is high. The financial capacity of NSCCL does not allow offering adequate loan for members as per their needs. According to NSCCL provide loan ranges between Rs 25,000 to Rs 150,000. The maximum loan amount has been limited by general assembly meeting decision. Maximum NSCCL's members have in markets. all members have business like small or big. They are wants more than Rs 150,000 for their business uplifting. If there is not providing loan as member's needs, they will fight for it. Most NSCCL members are not satisfied on the small amount of loan size. This is the most powerful challenges of NSCCL.

#### **4.5.3 Poor assets to poor people**

NSCCL is playing two types of role. First is whose members have saving more money in account and more shares in markets. It type of members are powerful to take loan from cooperative. Secondly whose have saving and share is not more, this type of members are sitting on line 1-2 months for taking loan from it. NSCCL has given loan in first condition without collecting requirements and processing. But in second condition, NSCCL has been taking all requirements and process. Powerful members have taken honor program from NSCCL in every year but normal member has no respect and good behavior. Normal members have difficult to take their own saving money too but powerful members take loan more than two times. It has different view from cooperative in two types of people. NSCCL is viewing poor people in one type and powerful members in another and processing also in two types of works and facilities.

#### **4.5.4 Loan is not available on time**

Here powerful members have been taking loan in time or before on time. But Normal members are waiting to taking loan or their saving money in every month meeting. Normal members want loan more than their saving to uplifting their lifestyle but committee members has no provided more money for them. If provided then NSCCL has given in installments. It is very difficult to take loan on time. All members are sad for it. Normal members are surprise that powerful members are taken loan without sitting on line. Normal members are angry to committee members for loan providing in powerful members in without processing.

#### **4.5.5 Non-repayment of loan**

There has big problem of non-repayment credit NSCCL. Like other financial institutions, it has also sensitive to credit risk. It needs a strong system that protects the occurrence of such threats in future. In some NSCCL, the loan has been provided without adequate collateral. Most of the respondents have agreed that the main reason of non-repayment of debt are to move one place to another, poor living standards, business failure, discrimination of debt and powerful member's decisions. Slowly, these are all major affects to non-repayment loan or NSCCL debt. This is the major challenge to improve by NSCCL, where is most necessary to make rule and regulation to all debtors. If members are processing for loan, then cooperative committee members must open that member's family background, income sources, permanent or temporary settlement, ability to pay loan and interest rate on time or not. It should be study all information while giving loan.

#### **4.5.6 Lack of skilled and educated manpower**

NSCCL has employees of lack of skilled manpower. Educated but not in trained in accountancy for the effectiveness of operation. NSCCL has been managed and controlled by unskilled and uneducated committee members. Some members are educated but minimum 2-3 members are literate (common reading and writing) only. Even in some NSCCL financial administration and accounting is made without educated accountants. This means most of the existing committees have not competent enough to deliver on the required results. Due to this deficiency, most NSCCL financial accounting system hasn't been made in proper manner. Most of

them haven't been prepared the required financial statements properly. This is the basis for management and operating decisions on future projects. But here has found that more careless to works officially and has been changed employee in every year. To produce the required financial statement, skilled manpower required but the staff required for the smooth implementation of cooperative accountings and management haven't available. The new staffs do not know much about the NSCCL history and system which have limited their ability to provided better professional service. These findings show the important role that human skilled and trained plays in the implementation of appropriate function in the NSCCL. It hiders the proper account keeping of cooperatives. This is also as a challenge of NSCCL.

#### **4.5.7 Lack of technological innovation**

Beginning of NSCCL started in one kind of group. There were all money records in small copies and papers. Similarly meeting had done in one time in every month. Whose have power in group that person took money as a loan. All activities had done by understanding and not wrote in copy as officially. Same today also this group has changed into cooperative and provided remittance facility too. But working system are same as group. No any book keeping accounts in computer. NSCCL has recorded in ledger in book and collecting money in A4 size paper. Member have taken loan by cash not in check and paid loan and saving money also by cash. There is no used computerize account keeping system and writing letters with hand. This is also big challenges in competitions in markets.

First research question concentrated on to identify internal and external problems the NSCCL had faced. To find out challenges, it helped to overview and understand the cooperative challenges. Likewise, interview with members helped to understand their desired needs and the services provided by the NSCCL and analyze the gap between customer's desires and reality. After challenges are identified, appropriate suggestions and recommendations are made to meet the member's desires. That will help to deal with those challenges and turn them possibly into opportunity. Among the many challenges uncontrollable is of main concern. Similarly NSCCL has many internal challenges such as lack of enough liquidity, bad debts, and poor marketing. The survey made and the outcome of the research is expected to help the NSCCL to gear

up to face new challenges and meet its goal. Cooperatives are helping Nepalese economy to grow. Further research is conducted in the role of cooperatives.

NSCCL's main challenge is that the members want to take training concerning the business they are engaged in for their rapid economic development. They are also interested in empowerment program and social programs. But in this cooperative there is no program devised to impart any training for its members. If any such kind of training program, empowerment program and social program had been running then people could have been attracted to becoming member.

## **CHAPTER V: SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

This chapter summarizes the whole study, presents the conclusions and forwards the recommendations on basis of major findings.

### **5.1 Summary of the Findings**

A cooperative is an autonomous association of persons who voluntarily cooperate for their mutual, social, economic, and cultural benefit. Saving and credit cooperatives have been established in Nepal to improve the socio economic status of the rural poor group of people. It also aimed at increasing the financial access to those areas where financial institutions are not reached. Cooperative is also viewed as the tool that can bridge the gap between urban and rural area through rural transformation. Cooperative plays vital role to overcome the problem of capital shortage through capital formation.

The main objective of the study is to analyze socio economic contribution of the Niswartha Saving and Credit Cooperative Ltd. It also focuses on the identification of problems of NSACCL and measures taken to overcoming them. Study also has been aimed to identify the present situations and challenges for tomorrow.

The study is mainly based on primary source of data but secondary data has also been used for analysis. The primary data has been collected from questionnaire, field observation, key informant interview, and focus group discussion. The secondary data has been collected from journals, reports, books, publications, websites etc. After collecting the data from the different sources, it has been analyzed by using financial and statistical tools. Saving and credit are very important variables of the cooperative which helps to increase the economic activities in the society. The collection of the saving must be taken as a crucial factor by the cooperatives so that adequate funds can be made available to mobilize it.

Firstly the study found the social composition of the respondents; the members are of different cast. Out of total respondents 22% were Brahmin, 22% were Chhetri, 20% were Newar, 12% were Tarai cast, 8% were Mongolian, and 8% were Dalit. Similarly

in education out of total respondents, 6% were illiterate, 14% were literate (common reading and writing), 10% were primary level passed, 36% were secondary level passed, 16% were higher secondary level passed, 16% were bachelor and 2% were master level passed. In the study area found 42% were male and 58% were female. According to the age structure of respondents, mostly high in 31 to 40 (years) were 30%, 21 to 30 (years) were 28%, 41 to 50 (years) were 20%, up to 20 (years) were 18% and last 50 above aged were only 4%. Here, 78% respondents live in nuclear family and 24% in joint family. In the study area 64% of respondents were married and 36% were unmarried. According to the religion out of total respondents, 72% were Hindu, 12% were Christian, 8% were Buddhist and 8% were Muslim.

Changing in economic composition of the respondents, most of members have membership for all facilities. According to the cause of membership out of total respondents, 82% have for all (Saving for future + to gain profit + to take loan), 12% were saving for future, 4% were to gain profit and 2% were to take loan. In income, most of member income has improved after being members. The study shows that NRs. (15000 to 25000) income members are decreasing and members above this income are increasing. According to the study, members earning NRs. (15000 to 25000) have were 26% before and after membership it drop down to 10%. Similarly members earning NRs. (25000 to 35000) were 18% before and after membership it went up to 22%, members earning NRs. (35000 to 45000) were 32% before and after membership it went up to 36% and members earning above NRs. 45000 were 12% before and after membership it went up to 32%.

The study showed an increase in monthly saving. In the beginning 54% were saving NRs 500.00 and with time they dropped down to 10%. Before 30% were saving NRs 501 to 1500 and after it dropped down to 28%. Before 8% were saving NRs 1501 to 2500 and after it went up to 22%. Before 4% were saving NRs 2501 to 3500 and after it went up to 18%. Before 4% were saving NRs above 3500 and after it went up to 12%. Its shows that before NSCCL people were saving minimum NRs 1500 but after joining NSCCL peoples have been saving monthly maximum NRs 3500.

The study showed that the majority of members who took loan for economic growth activities have already paid it back. Only 32% have taken loan and 68% have not taken loan. According to the study, most of the loans have been taken for business. 31.25% have taken for business. Similarly, 25% have taken for domestic purpose, 12.5% have taken for purchasing property, 12.5% have taken for marriage ceremony, 6.25% have taken for Education, 6.25% have taken for health care and 6.25% have taken for others purposes. Members had reason behind taking loan from NSCCL, 42% said that easy access, 38% said that low interest rate, 8% said that no collateral required and 12% had other reason.

The study has found that NSCCL is involved in many activities. They have taken membership from district cooperative. Board meeting is done in every month and also as and when needed There are 335 total number of shareholders. Among the total shareholders, 175 are men and 156 are women. NSCCL operates daily. There are operation committee, suggestion committee, account auditing committee, training committee, loan committee and other sub-committees,. NSCCL has started remittance services just now. It also operates honor program, khutruke saving program, program which are related with the women in society. Similarly sometimes it organizes blood donation program in every year. In present days NSCCL has no any training programs provided for members that's why members have dissatisfied with it.

NSCCL found that no any training provided in member for empowerment but its collected money and give loan to members for uplifting life. Sometime women members are participation for religion work like Mela, Puja, Rath Yatra etc. NSCCL has important role for business work in community. Student's parents have saved for their child for future in student scheme. Pregnant women also can profit from NSCCL. Mostly senior citizen women and students have taken facilities from its. Men also can take facility from loan scheme for business. Here have no any agriculture activities because this cooperative is in city. This cooperative is planning to be large finance limited. Board member registered NSCCL for self employee and who doesn't have work, NSCCL is encouraging to their members to making employee from own business.

NSCCL has many challenges. Most have challenges in loan sector. Member had been taken loan but not paid on time. That is big problem of cooperative. NSCCL has no

trainings. Member wants empowerment work from it. Member wants economic development works or trainings. But NSCCL has no provided. The study found the members wants and interests. So this is the big challenges of NSCCL. In the present is competition time. Here is lots of cooperatives in the society or markets. So members are where to take profit or facilities there they will go. NSCCL has also one kind of challenges in future. Another challenge is uncontrollable. Members are while taking loan, they not to give original document, not pay money on time, not pay interest rate of loan on time, escaped from it. Whose have more money or power, they want to take loan more than 2 times, fighting for money etc.

## **5.2 Conclusion**

Cooperative societies are important for economic development of the country. They accumulate the scattered, money of small businessman, craftsman and general public and mobilize that to the needy person of lower – middle class. They eliminate middleman in rural area and help in the capital formation. Cooperatives have the responsibility of providing financial as well as technical assistance to the poor people for generating income so Cooperatives is taken as a device to fill the pit between haves and have not. In society, people has established cooperative for their own benefits. The cooperative's members have established their cooperative for themselves where has been members of the same areas.

In present situation is that NSCCL has been played rupees 8,464,000 amounts in the market as a loan. It has total property rupees 10,146,528. Share market has been played rupees 1,272,500. Daily saving and monthly saving has been rupees 1984810 and 6659904.12 in total saving are rupees 8644714.12. Cash money and Bank money has rupees 120578 and 1497561 in total money rupees 1618139. Similarly income statement, bank loan interest has rupees 4401.88 and cash loan interest rupees 841693 in total rupees 84609.88.

NSCCL has many works for society or community. First one is honor program, second is blood donation program, third is student's scheme program, fourth is remittance services, fifth is members help program. It has done meeting in every month for daily work operation. It has done contribution of economic program just like student scheme, business plan scheme, socio-economic helps programs for

community, Participation programs (Puja, Rath Yatra, Bhagwat Puran etc.). NSCCL has important role for business work in community.

With respect to the reason behind taking loan from cooperative, majority of the respondents agreed in easy access. Regarding the change in social status after most of the respondents replied they are getting positive response from other. Similarly, there are no any social and cultural discrimination to the respondents.

Finally the contributions of NSCCL to its' member is positive. Cooperative has played vital role to provide financial service to its member and help to generate the economic activities of the society. Transformation of unproductive money to the productive sector has very crucial role played by cooperative. Cooperative creates the environment of cooperation among its members. They have worked together to achieve mutual objective. Knowledge, skill, behavior, attitude etc. of the members have increased. Cooperative has also played significant role on the society through different social activities like free health camp, blood donation, scholarship for students, cleaning program etc. thus cooperative can be the foundation of the economic development of the country if proper Acts, rules, regulations, policy, vision etc. have been promulgated and implemented through the government level.

### **5.3 Recommendations**

The following recommendations can be prepared on the basis of the study for the further growth and development of cooperative:

1. Cooperative should take initiatives to motivate Dalit, Janajati, women and marginalized people of the society.
2. Cooperative should have balanced gender and other ethnic groups in the executive committee.
3. There are no variety services. The cooperative should provide varieties of services to encourage member.
4. The interest rate on loan is high; it should minimize this rate to minimal.
5. Principally cooperatives are always responsible to the members; without active members the institution cannot run smoothly. To increase the living standard of members it is necessary to improve

economic status. Hence, to meet this purpose client and institute both needs their own business plan. Some business scheme like agro veterinaries and other suitable programs should be prioritized. Only the saving credit program is not sufficient for economic viability and institutional sustainability.

6. The manpower available in NSACCL is not skilled technically and managerially. They do not have knowledge about SWOT analysis and long term plan with clear vision. Those shorts of shortcomings should be addressed otherwise institutional growth may be hampered.
7. The institute should organized some kinds trainings, such as cooperative education, entrepreneurship development, business plan preparation, crop diversification, sustainable agriculture program, agro forestry programs etc.
8. NSACCL has positive impact for improving the socio economic condition of the members. Therefore the institution needs to expand the social development activities to the community coordinating with DDC, the SFDBL, Federation of SFACL, NGOs as well as INGOs.
9. Regular field visit and dealing with clients should made more advance for the effective collection of loan, interest and other deposit collection.

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# Annex I

## Household Survey Questionnaire

A survey on Socio-economic Contribution of Saving and Credit Cooperative Ltd. with reference to the Niswartha Saving and Credit Cooperative Ltd. Imadol.

### 1. General Information of Respondent(Cooperative member):

Name: .....

Address: .....

Marital status: .....

Age: .....

Cast: .....

Religion:

.....

Sex:

(a) Male

(b) Female

Education: .....

Family type: .....

Occupation.....

### 2. Family Background

S.N	Name	Age	Sex	Relation	Marital Status	Education	Occupation
1.							
2.							
3.							
4.							
5.							
6.							

# (Age - A= below 15, B= below 50 and C= above 50) , (Education – A= below Primary level, B= below Secondary level, C= below +2, D= below Bachelor and E= Master above) , (Occupation – A= Employed, B= business, C= Unemployed, D= Farmer, E= Others)

### 3. Why did you become the member of this cooperative?

a) Saving for future.....

b) To gain profit .....

c)

Other.....

### 4. Did you get loan from this cooperative?

a) Yes.....

b) No.....

If yes, then, what purpose?

- i) Business.....ii) Purchase Property..... iii) Education.....
- iv) Health..... v) Domestic Purpose... vi) Marriage and other ceremony.....
- vii) Other .....

**5. How much did you taken loan?**

Below NRs(5000)	Between NRs(10000-50000)	Between NRs(50000-1Lakh)	Between NRs(1-2Lakh)	NRs 2Lakh Above
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**6. What was your loan source before?**

- a) Other Cooperatives      b) Relatives/Friends      c) Bank/Financial Institution
- d) Local money leader      e) Other If any.....

**7. Did you get any training from this cooperative?**

- a) Yes: .....      b) No: .....
- If Yes, what kinds of....
- i) Sewing      ii) Knitting      iii) Handicraft
- iv) Cooperative programs training      v) Agricultural programs training
- vi) Others

**8. Did you get any empowerment related programs from cooperative?**

- a) Yes: .....      b) No: .....
- If yes, what kinds of.....
- i) **Work to remove bad concepts or superstition behavior**      ii) **Training works**
- iii) **Awareness program offers equality**      iv) **Gender equality**
- v) **Self-determination power programs Participations program**      vi) **Others**
- vii) **Economic works**      viii) **Others**

**9. Did you get any health related programs from cooperative?**

- a) Yes: .....      b) No: .....
- If Yes, what kinds of.....
- i) Sanitation campaign      ii) home-based primary treatment box
- iii) Women's treatment facility

## 10. Any social changes are happening in the cooperative's members?

### 10.1 Change in Education Sector.

#### 10.1.1 Change in education level

Education level	Before	After	Role
Primary			
Lower secondary			
Higher secondary			
Intermediate			
Bachelor			
Master +			

#### 10.1.2 Change in institutions

Institutions	Before	After	Role
Public			
Private			
International			
Others			

### 10.2 Change in Health Sector.

Health area	Before	After	Role
Self at home			
Dhami jhakri			
Hospital			
Private clinic			

### 10.3 Change in housing conditions.

Type of house	Before	After	Role
Muddy			
Stone			
Wooden			
Cemented			
Bungalow			

#### 10.4 Training / Capacity

Types	Before	After	Role
Sewing			
Knitting			
Handicraft			
Business's skill			
Agriculture's skill			
Cooperative's skill			

#### 11. Any economic changes are happening in the cooperative's members?

##### 11.1 Change in Land property.

Name	Before	After	Role
Below (4 Aana)			
Below(10 Aana)			
Below(1 Ropanee)			
Above (1Ropanee)			

##### 11.2 Change in Assets gain.

Name	Before	After	Role
Ornaments			
T.V.			
Vehicles			
Other			

##### 11.3 Change in food sufficiency.

Food sufficiency	Before	After	Role
Below 3 months			
(3-6) months			
(6-9) months			
(9-12) months			
12+ months			

#### 11.4 Change in Indebtedness

Loan rupees	Before	After	Role
Below 50000			
50000-1lakh			
1-2lakh			
2+ lakh			

#### 11.5 Change in Income

Income rupees	Before	After	Role
Below 10000			
(10-15) Thousands			
(15-25) Thousands			
(25-35) Thousands			
(35-45) Thousands			
45+ Thousands			

#### 12. What is the present situation of NSCCL?

- i) Good.....
- ii) Very good.....
- iii) Excellent.....
- iv) Others.....

#### 13. What is the reason behind taking loan from cooperative?

- a) Low interest rate
- b) Easy access
- c) No collateral required
- d) Other .....

#### 14. Is your decision making power increased after becoming members of cooperative?

- a) Increased than before after
- b) No any change before and after
- c) All decision by self

#### 15. What are the changes on your social status after joining the cooperative?

- a) Respect by friend and neighbor other
- b) Taking positive response from other
- c) No change before and after



## Annex II

### Key Informant Interview Guideline

A survey on socio-economic contribution of Saving and Credit Cooperative Ltd. with reference to the Niswartha Saving and Credit Cooperative Ltd. Imadol.

**1. How many members are there?**

Ans.

.....  
....

**2. How much do you have the total numbers of capital in the cooperative?**

Ans.

.....  
...

**3. How much do you playing loans in the markets?**

Ans.

.....  
...

**4. What types of interest rate in here?**

i) Daily saving rate..... ii) Daily credit rate..... iii) Monthly saving rate.....

iv) Time fixed amounts rate..... vi) Scheme rate..... vi) Others .....

**5. How much distance between debtors and cooperative? Criteria areas?**

Ans.

.....

**6. What are the areas of investment?**

Ans.

.....

**7. Is there an account auditing over the years?**

Ans.

.....

**8. What types of saving?**

**Ans.**

.....

**9. Activities**

**9.1 Past Activities**

<b>Program</b>	<b>Year</b>	<b>Participations</b>	<b>Coverage Areas</b>	<b>Supports</b>

**9.2 On Going Programs**

<b>Program</b>	<b>Year</b>	<b>Participations</b>	<b>Coverage Areas</b>	<b>Supports</b>

**9.3 Future Programs**

<b>Program</b>	<b>Year</b>	<b>Participations</b>	<b>Coverage Areas</b>	<b>Supports</b>

**10 How is the feedback from the members?**

**Ans.** .....

**11 What are the plans for the future?**

**Ans.** .....

**Thank you**

## **Annex III**

### **Focus Group Discussion Guideline**

A survey on socio-economic contribution of Saving and Credit Cooperative Ltd. with reference to the Niswartha Saving and Credit Cooperative Ltd. Imadol.

**1. General Information of Respondent:**

Name: .....

Sex: ..... Post: ..... Address: .....

**2. How you brought idea to open cooperatives in community?**

Ans:  
.....

**3. What purpose for opened?**

Ans:  
.....

**4. How many members are there in NSCCL?**

Ans:  
.....

**5. How many members are there in committee?**

Ans:  
.....

**6. What kind of works are giving encouraged to members?**

Ans:  
.....

**7. What type of interest rate for the loan in NSCCL?**

a) ..... b)..... c).....  
d).....

**8. What are the objectives in the future plan of NSCCL?**

Ans .....

**Thank you**