

ROLE OF CO-OPERATIVE IN RURAL DEVELOPMENT

(A Case Study of Chhintapu Chiya Udpadak
Sahakari Sanstha Pvt. Ltd.)
Nangin-7, Panchthar

A Thesis

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ABBREVIATIONS/ACRONYMS

CCUSS	:- Chhintapu Chiya Udpadak Sahakari Sanstha
VDC	:- Village Development Committee
DDC	:- District Development Committee
CBS	:- Census Base Survey
Pvt.	:- Private
Ltd.	:- Limited
ADB	:- Agriculture Development Bank
NGO	:- Non Government Organization
INGO	:- International Non Government Organization
ICA	:- International Cooperative Alliance
ILO	:- International Labor Organization
PRSP	:- Poverty Reduction Strategy Papers
HIPC	:- Heavily Indebted Poor Countries
GTZ	:- German Technical Corporation (Zone)
SFCL	:- Small Farmer Cooperative Limited
DFID	:- Department for International Development
GDP	:- Gross Domestic Product
ROI	:- Return on Investment
SGC	:- Second Generation Co-operatives
USAID	:- United States Aid for International Development
UN	:- United Nations
VOCA	:- Volunteer Organization for Co-operative Assistance
RDI	:- Rural Development Index
RUFIN	:- Rural Finance In Nepal
ICT	:- Information Communication Technology

ABSTRACT

This dissertation is prepared to partial fulfillment of the requirement for the Master's Degree of Arts in Rural Development. The importance of co-operative program is increasing day by day as a basis of rural development. Cooperative institutions are increasing in rural area. This study will help to determine the role of cooperative in rural development. It provides basis information and general guideline to the local people, planner, policymaker and other concerned agencies about the cooperative development. The formal concept of cooperative was developed from England and Germany in 1844 AD. In Nepal there was basic concept of co-operative activities as 'Parma', Guthi, Dharma and Dhikuti etc. The Dhikuti program at Thak-Khola in Mustang district was basis of co-operative concept in Nepal. The first co-operative institution was established at Bakhanpur VDC (now Sarada Town) in Chitwan district in 2013 BS. The main objective of that institution was resettlement to flood affected people in related area. Now it is estimates that there are 442 million members of cooperatives in Asia, and 700 million members worldwide in 100 countries.

The general objective of this thesis is to find out the role of cooperative in rural development process. The specific objectives of the study are to analyze the socio-economic impact of cooperative, to finds out the potential activities and examine the role of cooperative in Rural Development process.

This study concentrates to the Chhintapu Chiya Udpadak Sahakari Sanstha of Nangin VDC, ward No 7 and 8 only. The cooperative members (people) are selected only in ward No 7 and 8 of this VDC. The actual households (50 households), only 50 percents households (25 households) were taken in to consideration with equal ratio of the wards. The respondents from different occupation and age group were chosen by using purposive sampling. Basically this study depends upon the primary data collected from the field study. Structured questionnaire, field observation, personal interviews and focus group discussion were the tools used for this purpose.

Most of the facts, events, record and data were based on comparative study between two time period (before and after the establishment of CCUSS) in the study area. There were 20 percent houses were improved in to muddy types, about 8 percent households were increase in modern agriculture sectors, about 20 percent households were increase in plastic pipe user for drinking water, the number of modern toilet user households were increase about 28 percent and the households in tea farming were also increase about 12 percent after the establishment of CCUSS in the study area.

It was find out that the Chhintapu Chiya Udpadak Cooperative Institution improved in sanitation through support to member in making toilet and drinking water management as financially and technically in the study area. It was also support in agriculture modernization through giving training and modern seeds distribution. There were occurred positive changes in fuel and electricity consumption sectors. About 80 percent members were used solar system in the study area. It has positive impact on health and education sectors. Modern tea farming and organic hand tea production is also increasing in the study area with the help of cooperative. Animal husbandry also is in beneficial condition than the past. Cooperative is supporting to the farmer as financial and coordination with other institutions in the fields of animal husbandry sectors. The positive social awareness is also mentionable sectors of cooperative role in the study area. The saving and loan facility is also important role of cooperative in the study area. People can save their little amount of money and invest on productive sectors with the help of cooperative. The chip rate of interest is also positive role of cooperative in the study area. It can play the role on poverty reduction in rural area. It is also developed the concept of unity and apply it with new vision and modern idea in different productive sectors. Milk production and distribution, transportation, small cottage industry, education, agriculture development, village tourism, women empowerment, encourage the marginalize people, employment and production of small hydropower and are the most resent sectors of supporting through cooperative in rural area,

Finally, the co-operative institution plays the vital role in rural development. Rural people can improved their socio-economic, educational sectors and life standard through the cooperation with the help of cooperative practices. In the prospective of Nepal there are not any financial facilities in rural sectors. The cooperative institution can support to rural people as small banking system.

CHAPTER FIRST

1. INTRODUCTION

1.1. Background

The word "Co-operative is derived from two different words 'co' and 'operate'. The word 'co' means together and 'operate' means to work (oxford dictionary 2007). So, the meaning of co-operative is working together in a group with common objectives. Co-operative is regarded as one of the most effective and important sectors in rural development. The formal concept of co-operative was developed from England and Germany in 1844 AD (Sharma 2010). In Nepal there was basic concept of co-operative activities as *Parma*, *Guthi*, *Dharma* and *Dhikuti* etc. The Dhikuti program at Thak-Khola in Mustang district was basis of co-operative concept in Nepal. Dhikuti program was started by Thakali community about two hundred and fifty years ago. The formal concept of co-operative in Nepal was started from 2010 BS. After the establishment of co-operative department the first co-operative institution was established at Bakhanpur VDC (now Sarada Town) in Chitwan district in 2013 BS. The main objective of that institution was resettlement to flood affected people in related area (Sharma 2010). After the construction of co-operative act 2048 BS then co-operative activities are developing in rapid conditions.

During the Second Three-Year-Plan (1962/63-1964/65) a Land Reform Act came into force in 1964 including a compulsory savings scheme, according to which farmers had to save a portion of their crop. The co-operative programmed was integrated into the land reform programmed. A total of 542 societies were organized during the Plan period. A Land Reform Savings Corporation was established in 1967 to accept compulsory savings and advance loans to farmers. This led to a rapid numerical growth of co-operative societies of which, however, two thirds were soon defunct. A Co-operative Bank was established under the Co-operative Bank Act of 1963 to finance the reorganization of agriculture and to provide credit facilities to various small scale productions, marketing and other societies organized in

co-operative form. This bank was converted into the Agricultural Development Bank/Nepal (ADB/N) in 1968, in order to meet the overall credit requirements of agriculture and to provide credit to co-operatives and to individual farmers (ICA 1998).

As a principle of co-operative "each for all and all for each" it is a new and powerful weapon for rural development process. There are so many sources of income in rural area. They are not effectively utilized by local people and national level. Co-operative helps to encourage the rural people in rural development process. Co-operative is a combination having different ideas, sources, power and visions etc. It makes effective group of people then apply it as practically in local level development.

Agriculture is a main occupation of rural people. Lack of financial support, the agriculture system cannot update or modernized in rural area. There is not banking facilities and awareness in rural sectors. The cooperative can play the role of small banking system in rural area. It can provide saving and loan facilities with suitable interest rate. Cooperative encourages rural people to capital formation and rural development activities. There are so many potential sectors in rural area to economic development of Nepal. They can lead the country with economic growth and sustainable development. Some comparative role and advantages of cooperative in rural development process are as follows:-

- ❖ Diversity in agriculture in various geographical zones.
- ❖ Milk production and purification.
- ❖ Small cottage industries.
- ❖ Bio-diversity and forest condition.
- ❖ Source of income and economic growth.
- ❖ Social awareness and we feeling.

Nepal government encourages to cooperative institution through cooperative act 2048 BS. The government of Nepal provides financial and technological support to develop cooperative development, "Shuphat Mulyako Sahakari Pasal" is an example of financial support through national level. Now a days, so many cooperative institutions are running with

difference sectors. They are working like saving money, providing loan, running small scale industry, transportation, education, agriculture development, production and distribution of small hydropower, rural tourism development, women empowerment, encourage the marginalized people, communication facilities, milk collection and distribution, training facilities in various sectors, employment facilities, support in animal husbandry and bee keeping etc.

Panchthar district is a fully remote district. It is surrounded by Taplejung, Tehrathum, Dhankuta, Ilam and India also. Nanging VDC is a nearest VDC from district headquarter (Phidim). It is located about 4 km far from Phidim VDC. Ward No 7 and 8 is least developed ward of Nangin VDC. Having so many potential sectors it is facing many problems like, socially backwardness and economically in poor conditions as a whole. So cooperative can play vital role to develop the study area. The "Chhintapu Chiya Udpadak Shahakari Sanstha Pvt. Ltd." is working as a tiny tissue of tea farming and hand Tea production.

We often say that Nepal is developing country, More than 85% of Nepali people live in village area (Census 2058), although some people enjoy western standard, drive Pardo and Pagero, go for shopping at Thailand and Singapore. It is because not all major sectors, group and population are developed. Nepal will always remain a developing country unless it addresses its entire rural people.

Rural development programs and activities are powerful weapon for national development process. To achieve the goal of good governance, poverty alleviation, democracy, equality, new Nepal building process, it is necessary to practically address the rural area through specific development program by national level in our country.

1.2. Statement of the problem

Nepal is one of the poorest countries of the world where about 31 percent people live below the poverty line (2058 BS censuses). Nepali people are bound to give up their traditional occupations for unable to meet their basic

needs. Social discrimination on the basis of caste ethnic and gender differences plays a significant role in creating social inequality in Nepal. In the same way the structure of agrarian economy of traditional form is also at the roots of poverty. The important question is in spite of the government efforts to uplift the living condition of rural people, why the Nangin VDC people are still living in a poor condition? Why they are not able to join the main stream of national development?

Panchthar district is one of the least developed district of Nepal. Being social, religious, casts and ethics, economic, geographic diversity it has positive and negative aspect in rural development. The study area is located at highest point in Nangin VDC as geographically. Having many potentialities of cash crop and animal husbandry, farmer cannot growth those items because of the problem of the financial support and training facilities. The income from remittance is investing in housing sectors and celebrating festival also.

Cooperative institution will play vital role in rural development. It can provide saving and loan facilities. Through financial support and increase awareness cooperative improve the life standard of rural people. It will be a successful weapon to make dutiful tea garden and establish the best tea industry also.

To achieve the goal of good governance, poverty reduction, democracy, equality and overall sustainable development, cooperative will be one of the powerful weapon in our country and study area also. Without improve life standard of rural people the country cannot achieve its goal in total.

To achieve the target objectives, the following research question were used in the present case study for role of cooperative in rural development.

- ❖ What is the socio-economic impact of co-operative in study area?
- ❖ What are the present and potential activities related with cooperative in study area?
- ❖ How the co-operative can play the role in rural development process?

1.3. Objectives of the Study

1. 3.1. General Objective

The general objective of this study is to analyze the present role of cooperative activities to rural development in the study area.

1. 2. 2. Specific Objectives

The specific objectives of the study are as follows.

- ❖ To analyze the socio-economic impact of cooperative in the study area.
- ❖ To find out the potential activities related to cooperative.
- ❖ To examine the role of co-operative in rural development process.

1.4. Significance of the Study.

The importance of cooperative program is increasing day by day as a basis of rural development. As a source of capital formation, saving and loan providing facilities cooperative can play a vital role in rural development. It is also contribution to create employment opportunities. It has generated economic as well as social benefit to those people directly and indirectly involved in cooperative program.

This study will help to determine the role of cooperative in rural development. It provides basic information and general guideline to the local people, planner, policymaker and other concerned agencies about the cooperative development. This study is also helpful for those people who are living in rural area and support to rural development process.

The study as a research work which can make clear on the following significance.

- ❖ The study explores the major problem of cooperative development in rural area.
- ❖ The study seeks to answer about why cooperative is necessary in the study area.
- ❖ The research finds out the potential co-operative activities in the study area.

- ❖ The research examines the socio-economic activities and life standard in the study area.
- ❖ The research also helpful to compare cooperative activities and rural development.

This study is mostly concerned about the cooperative activities and its role in rural development process. The study can be helpful for rural people, policymaker, planner, and government and NGO/INGO who are concerned with cooperative development activities. Therefore the research works in this topic concern with the subject in role of cooperative in rural development. This study also helpful to finds out other relevant area for developing cooperative institution and activities.

1.5. Limitation of the Study

Since it is a socio-economic and developmental research, it is not beyond any limitation. Some major limitations are as follows.

- ❖ The study concentrates to the Chhintapu Chiya Udpadak Shahakari Sanstha Pvt. Ltd. of Nangin VDC only.
- ❖ Both primary and secondary source of data are used in the study.
- ❖ This study mainly base on field survey data, they were respondent's basis and secondary data.
- ❖ There is limited budget and time schedule.
- ❖ The study is concerned only about the subject matter of cooperative and rural development activities.

1.6. Organization of the Study

The dissertation is divided in to six Chapters. The first chapter includes background, statement of problem, objectives of the study, importance of study and limitation of the study. In second chapter review of literature is included. The third chapter describes the methodology adopted for the study. Chapter four presents socio-economic characteristics of cooperative members with comparative study between pre and post time period of Chhintapu Chiya Udpadak Shahakari Sanstha Pvt. Ltd (CCUSS) establishment in the study area. Chapter five deals present data analysis and major findings and chapter six describe conclusion and recommendations.

CHAPTER TWO

2. Review of the Literature

2.1. Co-operative

Indian cooperative act (1912) "A cooperative society is a society which has its objects the promotion of the economic interest of its members in accordance with cooperative principles".

Japan Law (1921) "A cooperative society is an association having legal existence, formed by persons of modest means on order to promote and develop according to the principles of mutuality exercised by members of their occupations and for the improvement of their economic conditions".

Indian banking regulation act (1949) "Co-operative credit society means a cooperative society the primary objective of which is to provide financial accommodation to its members and includes a cooperative land".

ICA (1995) "A cooperative is an autonomous economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise".

Maria Elena Chavez (2003) Cooperatives are defined by the Values and principles under which they operate. They are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others. In addition, co-ops put their values into practice by following the seven internationally recognized co-operative principles which are:

1st Principle: Voluntary and Open Membership

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

2nd Principle: Democratic Member Control

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are

accountable to the membership. In primary 3 co-operatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner.

3rd Principle: Member Economic Participation

Members contribute equitably and democratically control the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited return on member capital, if any. Surpluses are allocated for any or all of the following purposes, developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible, benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4th Principle: Autonomy and Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter to agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5th Principle: Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public particularly young people and opinion leaders about the nature and benefits of co-operation.

6th Principle: Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through, local, national, regional and international structures.

7th Principle: Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

Hanisch (2005), The challenge of explaining the emergence and performance of cooperatives is not as daunting for contemporary theorists as it was for the eyewitnesses of the “cooperative movement” at the beginning of the 20th century, because today the emergence of new cooperatives in the traditional branches of the cooperative economy (banking, agriculture, housing) is a relatively rare event. In order to explain some advantages of organizing a firm as a cooperative, contemporary theorists have identified various transaction cost arguments in favor of vertical integration and, in turn, of the cooperative organization. However, as we will see, to explain why cooperatives are formed, it is much easier to apply the logic of economic thought in a historical context than to the situation of cooperatives in modern market economies. Is there a role for cooperatives in modern market economies?

Markus Hanisch (2005) A cooperative is a collectively-owned firm established to further the wellbeing of its members. In contrast to investor owned firms, co-operative members are not primarily interested in financial return on investments but in the maintenance of services provided by the co-operative. By definition, co-ops are firms that are not tradable. Being owned by their customers, cooperatives are unable to move to another region or other business activities when the respective branch or sector of their activity is in crisis. Members do not directly participate in the growth of the monetary value of their cooperative firm. When leaving, they get back their (nominal) once paid in membership share, which may be quite different from the actual monetary value of their ownership share. These few characteristics show that compared to other governance structures, a cooperative may be a quite inflexible and unattractive way of doing business. In the presence of hundreds of thousands of cooperatives worldwide there must have been strong economic incentives behind cooperative organization that outweighed the aforementioned deficiencies. The challenge of explaining the emergence and performance of cooperatives is not as daunting for contemporary theorists as it was for the eyewitnesses of the “cooperative movement” at the beginning of the 20th century, because today the emergence of new

cooperatives in the traditional branches of the cooperative economy (banking, agriculture, and housing) is a relatively rare event. In order to explain some advantages of organizing a firm as a cooperative, contemporary theorists have identified various transaction cost arguments in favor of vertical integration and, in turn, of the cooperative organization. However, as we will see, to explain why cooperatives are formed, it is much easier to apply the logic of economic thought in a historical context than to the situation of cooperatives in modern market economies. Is there a role for cooperatives in modern market economies?

Buenos Aires (2009) Cooperatives are considered an important tool of solidarity especially for economic and social development of people living in rural areas (Toksoy, 2005, Figen, 2003). They play a vital role in development of forest villages where natural resources are scarce and the level of welfare is too low (Cosgun & Bekiroglu, 2009). For the effective development of forest resources, forest cooperatives implement comprehensive forest management programmes, which reflect the interests of forest owners and cooperative members. Under these programmes, the cooperatives produce and supply superior planting stocks, and they lead and assist forest owners to participate, on their own initiative, in forest management, including forestation, tending trees and protecting forest. In pursuit of a bright and prosperous future for their members, forest cooperatives provide them with up-to-date technical information relating to forestry management, and they train specialized forestry technicians to ensure a stable supply of forestry manpower. Forest cooperatives collect forest products, which are usually produced in small volumes during the different seasons of the year. Then they grade, reprocess, pack and distribute the products directly to the end users. The cooperatives also contribute increasing the incomes of their members by developing the infrastructure required for rectifying the high-cost, low-efficiency distribution system and by establishing the system of direct trade of forestry products between producers and consumers (Lee, 2001, Birchall 2003, 2004, Simmon & Birchall, 2008). Forest cooperatives are involved mostly in distributing

among its members such jobs as cutting down the trees, debarking of timber, cutting timber into pieces, dragging them out of forest and carrying them to a warehouse for wood production, under supervision by local forest authority. Furthermore, forest cooperatives do such other business as eco-tourism, local handcrafts, carpet, greenhouse, gas station, dairy products, honey, cultivation of fruits and vegetables, and collection of supplementary non-wood forest products. Moreover, forest villagers and cooperatives are provided with various privileges and incentives by the General Directorate of Forestry and General Directorate for Forest Village Relations.

2.2. Rural development

Robert chambers (1983) "Rural development is a strategy to enable a specific group of people, poor, rural women and men to gain for themselves and their children rare of what they want and need. It involved helping the poorest among those who seek a livelihood in the rural area to demand and control more of the leave fits of rural development".

USDA RD (2011) rural development in general is used to denote the actions and initiatives taken to improve the standard of living in non-Urban neighborhoods, countryside, and remote villages. These communities can be exemplified with a low ratio of inhabitants to open space. Agricultural activities may be prominent in this case whereas economic activities would relate to the primary sector, production of food stuffs and raw materials.

2.3. Review of Related Studies

BANGKOK (ILO News 2003) According to the International Labor Organization (ILO) report "Working out of Poverty" the largest number of the poorest of the poor (those earning less than US\$ 1 per day) lives in Asia and the Pacific (about 800 million). Most live in rural areas where jobs are scarce and basic social services are weak. In these areas the nearest institutions for the poor are local cooperatives. "Participation and inclusion are central to a new approach to poverty reduction. Cooperatives are an ideal instrument in such as strategy, and the ILO has long drawn on the strength of the

movement, "according to the report by the ILO's Director-General, Juan Somavia."Cooperatives have proven to be a key organizational form in building new models to combat social exclusion and poverty, for example through local development initiatives."

The ILO, in tandem with the International Cooperative Alliance (ICA), has organized a regional workshop on the Role of Cooperatives in Poverty Reduction, with a particular emphasis on Poverty Reduction Strategy Papers (PRSPs). The workshop will take place during 10-12 November 2003 at the Siam City Hotel. PRSPs describe a country's macroeconomic, structural and social policies and programmes to promote growth and reduce poverty, as well as external financing needs, including debt relief for heavily indebted poor countries (HIPC). The ILO has been actively engaged in supporting the PRSP process in a number of countries in the region, including Cambodia and Nepal. More recently, the ILO has been offering similar support in Indonesia, Pakistan and Viet Nam. In all cases, the objective has been to empower social partners to influence the drafting and implementation of poverty-reduction strategies through social dialogue to incorporate employment and other aspects of decent work into PRSPs, and; to influence development organizations and governments involved in designing and implementing poverty-reduction strategies to embrace fundamental principles and rights at work and social protection and to listen to the voices of the social partners and like-minded stakeholders. The workshop will aim to sensitize government representatives and national cooperative organizations about the concept of decent work and the PRSP process, provide a forum for discussion on the role of cooperatives in poverty reduction, and discover how they can be included in the PRSP process.

RDI working paper (2005) The ICA estimates that there are 442 million members of cooperatives in Asia, and 700 million members worldwide in 100 countries. Representatives from Bangladesh, Cambodia, Indonesia, Laos, Mongolia, Nepal, Pakistan, Sri Lanka, Timor and Vietnam will be attending the workshop. These countries are working on their PRSPs, and one representative from government and one representative from a

national cooperative apex will be participating. In countries where there is no cooperative apex organization, including Cambodia, Lao and Timor, a relevant NGO working in rural areas may attend.

The recession of the early 1980s created new economic activities, which consequently mean that the traditional avenue of economic planning required overhauling (Savoie, 2000). To have effective economic development, French economist Philippe Aydalot argued that “unless economic planning could directly involve local communities and local leadership, there would be little chance of economic success” (Savoie, 2000, 37). In 1981, Stroh and Taylor began the notion of whether development should be based on a top-down model or a bottom-up model. Stroh and Taylor (1981) argued that communities could influence economic development by taking advantage of existing opportunities in their communities. This change in thinking can be seen within the federal government when the Department of Western Diversification and the Atlantic Canada Opportunities Agency were created in the mid 1980s. Both departments took a bottom-up approach to local development (Savoie, 2000). Today, the majority of government departments in municipal, provincial and federal governments recognize CED (Savoie, 2000). It is suggested by Budd (1993) that CED represents a paradigm shift. This paradigm shift can be illustrated in the thought of “the clash of pre and post-World War II industrialized systems with the changing post-industrial society” (Budd, 1993, 33). In a time of increasing trade agreements and “freer” trade, CED represented an alternative approach to globalization (Nasewich, 1991). Although there have been many developments in CED, the body of academic literature that exists is still in its infancy. Largely dominated by case studies, the literature on CED is continually growing.

Hanisch (2005). From a governance perspective, the interesting characteristic of the cooperative association is not that it creates economic benefits to its member owners, or that it is subject to market constraints. The interesting aspect of the cooperative is its “dual nature” (Draheim 1952) as a business enterprise on one hand, and as a social group capable to act

collectively, on the other. In order to understand organizational change in rural areas and therewith the development of the rural economy as a whole, one has to understand the factors that constitute the leading role cooperatives have played for economic development back in the time of the cooperative movement and those factors responsible for their relative insignificance in a highly specialized exchange economy. In addition one has to understand the factors driving organizational change. In order to understand what cooperatives do, one has to analyze cooperatives as businesses in the context of the economic circumstances in which they emerged. After that, one has to analyze cooperatives as groups with particular resources and attributes which develop in a socio-political context and foster economic change. This poses a challenge to contemporary analysts because over the last 150 years of cooperative development, both, economic circumstances and the socio-political context in which cooperatives emerge have dramatically changed. Between 1870 and 1920 the so called “cooperative movement” took place. Within a few decades, hundreds of thousands of cooperatives were founded in sectors like housing, food and retail, transport, energy, rural and urban finance and agricultural marketing and processing. This took place as a response to lack of private capital and barely developed market institutions. At the same time, what we call “public service industries” today was almost non-existent in rural areas. Rural majors and other “public entrepreneurs” were leading personalities in their communities but endowed with little resources for the development of services to the members of their community. Today, most cooperative organizations operate in highly competitive business environments in communities which receive tax revenues and run public service industries (Bijman 2003). Can one understand the existence of cooperative organizations from a today’s standpoint?

GTZ Nepal (2005) The GTZ-implemented project Rural Finance Nepal (RUFIN) started conflict trans-formation training for SFCLs in October 2004. Altogether 40 of a total 52 conflict-affected SFCLs have been trained up to date. The training participants identified the weaknesses of their

SFCLs and the issues related to the conflict. Then they prepared action plans to deal with these issues. Many SFCL leaders realized that their cooperatives have excluded low caste and landless villagers, which aggravated the conflict in their communities. Another issue identified was the low women participation in the decision making bodies of mixed-sex SFCLs, which caused male domination and often mismanagement of funds.

Chambo (2009) Agricultural co-operatives, maintain higher levels of income, making small farmers able to construct decent houses, send their children to school and provide health insurance to sustain rural livelihoods (Chambo, 2007). They also, have the advantage of accessing co-operative education and business development capacity building. Co-operative education enables them to participate in democratic debates and exercising democratic principles and leadership training. This gives them the ability to become enlightened citizens able to debate more effectively different political issues of concern to the community. But through co-operative education and practice, they also gain the skills of running business. That is why; rural development would greatly be enhanced, if people became members of agricultural co-operatives in general. But food demand is growing very fast.

According to Volamen, (2009), most developing countries face permanent food shortage due to technological, climatic hazards and continued pockets of civil strife. At the sometime however, they produce their own food and countries such as those in Asia, the farm provide employment to 2.5 billion. But all these do indications that food crops can transformed into business and tradable commodities where agricultural co-operatives could play a significant role.

CHAPTER THREE

3. METHODOLOGY

3.1. Research Design

A descriptive research design has been applied in this study. This research design tends to find out the role of cooperative in rural development process. The data from the field have been collected through different techniques as the house hold survey, observation, key informants interview etc. And both primary and secondary data have been used in this study. In course of preparing the dissertation, the concerned persons and authorities were approached for more information as required.

3.2. Nature of Data

Basically this study depends upon the primary data collected from the field study. Structured questionnaire, field observation, personal interviews and focus group discussion were the tools used for this purpose. Beside this some other useful data are collected from the relevant secondary sources from related area.

3.3. Sampling procedure

The area which is selected for this study is Nangin VDC of Panchthar district for the purpose of the study it was not possible to get the information from the whole cooperative members of the country during the specific period of time. Therefore the cooperative member of Chhintapu Chiya Udpadak Shahakari Sanstha Pvt. Ltd. at Nangin VDC of Panchthar district that has been selected for the study. The cooperative members (people) are selected only in ward No 7 and 8 of this VDC. The actual household (50 household), only 50 percents households (25 households) were taken in to consideration with equal ratio of the wards. The respondents from different occupation and age group were chosen by using purposive sampling.

3.4. Tools and Techniques of Data Collections

The data from the field have been collected through different tools and technique such as the household survey, key informants interview and observation.

3.4.1. The Household Survey

In this survey, heads of the household were taken as the respondent. In case where head of the household were not available, other senior member from family were taken as respondent, who could be reliable and informative. The household survey was conducted in 25 households using structured questionnaires. The basic quantitative information such as age, sex, educational attainment, land holding occupation and other socio-economic characteristics related and nonrelated with cooperative activities of household population were selected through household survey.

3.4.2. Observation

After establishing good rapport with local people, village pattern, household types, sanitation, health practices, drinking water facilities, toilet condition, kitchenware, dress pattern, occupation, education, agriculture production, animal and some festivals calibrations pattern were observed directly participating with the local people. The role of cooperative in rural development process was observed through comparative analysis of impact on some related sectors before and after the time period of the establishment of Chhintapu Chiya Udpadak Shahakari Sanstha Pvt. Ltd. The information about past time period was collected by interview from cooperative members, high school head master and the chairman of related VDC etc. through structured questionnaire.

3.4.3. Key Informants interview

The cooperative members of study area, high school head teacher, VDC representatives and some local leaders were selected as key informants in order to collect information about pre and post real activities and condition of cooperative institution establishment. The primary data were collected through structured questionnaire and some secondary data were collected from VDC Office also.

3.5. Process of Data Collection

The study is largely based on primary data. Secondary data is also used for the necessity of the researcher. The main source of the secondary data was village development committee (VDC), District cooperative organization and other relevant sources. The primary data were collected by means of various research tools. Questionnaire was filled up by the answer of cooperative members. For cooperative member sex was not determined, so both male and female were used as respondents purposively, high school head teacher, VDC representatives and local leaders were used as key informants to note the socio-economic behaviors of cooperative activities and their impact on rural development process.

Interview schedules were designed separately for household's needs. Interview schedules were also designed for schools teachers and local leaders separately. During the field study some questionnaire were altered accordingly. In the discussion local leaders and cooperative members were taken and focus group discussion was also involved. Information obtained from focus group discussion was noted separately in notebook; later on they were analyzed and screened. Personal interview were taken VDC secretary, school headmasters, cooperative member and other literate persons of the study area no any bias on cooperative factors was done during the interview.

For the purpose of the role of cooperative in rural development process in the study area were observed. Most of the interpreted data such as socio-economic factors affecting the cooperative, attitude toward cooperative, problems that were hindering access to cooperative etc. were the fact that were collected by the interview schedule designed for the study. Researchers visited all corresponding respondents with designed questionnaire. The information out of the questionnaire was noted separately and later the information interpreted mixed with other information.

3.6. Data processing and analysis

Data obtained from the field were very heterogeneous. For the simplicity of analysis, the processing was done by editing and coding, so edited and coded data were tabulated under required headings and subheadings. The data collected through field survey, it was edited and presented in to table with related table headings. After presented through table with percentage, ratio etc. the real data was represented in suitable chart, diagram also.

CHAPTER FOUR

4. SOCIO-ECONOMIC CHARACTERISTICS OF CO-OPERATIVE MEMBERS OF NANGIN VDC

This chapter attempts to analyze the collected data and information for securing the objectives of the study and derive the major output of the study. First of all it include the short introduction of Panchthar district, Nangin VDC ward No 7 and 8. It also includes social character, life standard of people, social services like health, sanitation, education and family planning, occupation economic condition were compare the before and after the establishment of Chhintpau Chiya Udpadak Shahakari Sanstha Pvt. Ltd. (CCUSS).

4.1. Panchthar Districts

A Panchthar district is one of least develop districts of Mechi zone. This district is bordered by Taplejung, Terathum, Dhankuta, Ilam, and Sikkim of India also. Administratively this district has been divided 41 VDCs. All the area of this district is hilly. Bramhan, Chhetry, Limbu, Rai, Gurung, Tamang, Magar, Sherpa, Kami Damai, Sarki and Newar are the main dwellers of the districts. The total population of this district is 4,20,413 with 1,34,186 male and 286227 are female. (DDC Panchthar, 2011)

4. 2. Nangin Village Development Committee

Nangin VDC is one of the 41 VDC of Panchthar district. This VDC is surrounded by Sidin, Yangnam, Bharapa, Phidim, Ranitar and Lungrupa VDC in North, west, south and east respectively. Some people of this VDC have been facilitating with transportation and hydroelectricity, but not sufficient in total. Many people are in backward from the transportation and electricity. No Irrigation facilities access in any part of the village in sufficient.

The total population of this VDC was 7653 with 3597 male and 4056 Female (Village Profile 2011). The total number of households were with the average family size of 5.55, and 20 household head were women. There are

different ethnic group of people living in Nangin VDC, such as Bramhan, Chhetri, Limbu, Rai, Tamang, Newar, Sherpa, Gurung, Magar, Kami and Damai etc. The major economic profession of this VDC is agriculture. There are one higher secondary, two secondary, seven primary and two private primary boarding schools in this VDC.

4.3. The Chhintapu Chiya Udpadak Shahakari Sanstha Pvt. Ltd. (CCUSS)

The Chhintapu Chiya Udpadak Shahakari Sanstha Pvt. Ltd. was established in 2066 BS. The history of this institution was linked with Chhintapu Sana Chiya Kisan Samuha. It was established in 2049 BS. There were 45 members in Chiya Kisan Samuha. It helped to member in Tea farming sectors. The chhintapu sana chiya kisan samuha was covered some nearest area of Nangin, Yangnam and Sidim VDCs also. Having new objectives the kisan samuha was organized as Chhintapu Chiya Udpadak Shahakari Sanstha Pvt. Ltd. (CCUSS). Now a days it provide saving and credit facilities and working Tea farming sectors. There are 35 members in this institution. It is working as a fully organic Tea production institution in Panchthar district. They adopted personal Tea farming system till now. But the institution helps to the members by giving training and marketing sectors. The geographic situation and soil condition is much better for Tea farming more than other crops in the study area. The field study also finds out that, Tea farming and potentialities of CCUSS will be a successful action in future.

4.4. Comparative Study between pre and post situation of cooperative institution establishment

In this topic, it is tried to find out that the different situation between two different periods (before and after) of cooperative institution establishment. And compare between two different situations in different sectors.

4.5. Settlement, Dressing pattern and housing condition

Nangin VDC wards No 7 and 8 of Panchthar district is a significance settlement pattern of different cast group. In this geographical location the housing settlement of study area is scattered rather than clustered. Because of their normal economic condition, they can not manage better housing condition and wears low quality clothes male of this study area wears simple quality Dohura, Suruwal. Female wears low level quality Gunew and Cholo, Young boys wear simple Pent, Shirt and girls wear Kurtha Suruwal, Vest and Pent also. There are not any difference between two time period (before and after establishment) of cooperative institution in settlement and dressing pattern.

The housing condition is bitter differences between two time periods. The people in study area are living in the house with thatched and roof of Tin also. There are 95 household in study area, ten new house build and five old houses were repaired with roof of Tin after 2066 B.S. (Field Survey 2011). Now a day some people are making separated kitchen also.

4.6. Dependency Ratio

Dependency ratio shows the proportion of economically active, inactive population. In our country, the age of group 0-14 is considered as economically inactive population and the age group of 60 and above is also considered as inactive. The age and sex structure of the population expressed that 42.47 percent people are economically inactive. Including both the young and old people the data indicates that 57.50 percent people are economically active (CBS 1991).

However in the study area it was observed that the children above the age of 8 years were actively involved in work like house-keeping, child care, small agriculture work, fetching drinking water, cutting grass etc. In the same way elders were also found busy assisting domestic works. After the establishment of cooperative institution some changes occurs in working sectors. Children and elders were helped to collect green Tea and picketing also.

4.7. Education

Education is an act or process of imparting or acquiring general knowledge and of developing the power of reasoning and judgment. It also includes to acquiring particular knowledge or skill. To describe the socio economic status of any community it is necessary to look after the educational status of the community. The educational status of the study area was not very bad. In the time period before 2066 B.S., there were 70% people literacy under 6-14 age group, 55% under 15-60 age group and above 60 there were 9% people literate in study area. After the time period of 2066 B.S. the literacy ratio has been presented as follows.

Table 4.1

Educational status on the basis of sex and age in study area.

Age Group	Literacy				Illiterate			
	Male		Female		Male		Female	
	Number	%	Number	%	Number	%	Number	%
6-14	10	26.32	17	39.54	2	16.67	1	14.29
15-60	26	68.42	24	55.82	6	50.00	4	57.15
60+	2	5.26	2	4.64	4	33.33	2	28.57
Total	38	100	43	100	12	100	7	100

Source: Field Survey, 2011

Table 4.1 present that out of 25 households' 81 percent people are literates. There are 76 percent male are literate and 86 percent female are literate in the study area. The data shows better literacy rate in study area, when compare to the literacy rate of Nepal as a whole. It was seen that the Sherpa in lower literate rate than other cast in the study area.

4.8. Drinking Water

Most of the people are using polithin pipe and separated drinking water. But lake of source management some time they are facing little problem. There was not any difference between two time periods in the field of drinking water in study area.

4.9. Health and Sanitation

In this topic, it is try to find out that the treatment pattern and the development and practical application of sanitary measure for the sake of cleanliness and protecting health in the study area.

4.10. Health and Treatment Pattern

In this study area enough health services and other facilities are not available in proper manner. People living in this village have minimum access to the health facilities. They do not have proper treatment even in case of emergency. The housing condition is not proper good. The people of study area are facing this entire problem. A health post is established in this VDC, it is not well equipped. The health status of people is greatly determined by many factors such as the way of living, supply of safe drinking water, health knowledge, sanitation etc. People of study area both traditional and modern treatment pattern have been followed.

In the study area, almost all the people prefer to get treatment from local faith healers. In the village there are Dhamsi and Jhankri. They think that the causes of illness are bad game of evil sprit and modern treatment could not recover it. Firstly they refer to the Dhamsi and Jhankri, if they could not recover the illness only than they approached to the health post or modern treatment.

In the case of treatment pattern the cooperative institution has not effect till the study time. But it convince to the people about the organic product and its relation with health condition. This Chhintapu Chiya Udpadak Shahakari Sanstha is working as fully organic Tea production institution also.

Table 4.2

Treatment Pattern in Illness of Study Area People

Service Providers	Number	Percentage
Dhami/Jhankri	10	40
Health Post	15	60
Total	25	100

Source: Field Survey, 2011

The table 4.2 show that no households were there which is depends only upon either health post or Dhami Jhankri. They practice both treatment patterns.

4.11. Sanitation

Sanitation is the main component of the development of village. But some people of this study area unknown the important of sanitation. Before the time period of 2066 B.S. only 70 percent households used toilet. They keep chicken and other animal at the same ground floor, where one part of which they themselves occupied. This type of behavior pollutes the indoor environment and invites lies and insects. Some of them never boiled or filter their drinking water.

However, the establishment of Chhintapu Chiya Udpadak Shahakari Sanstha, some changes occurs in sanitation sectors some related sectors data shows as follows.

Table 4.3.

Sanitations condition of people in the study area.

Particulars	Number	Percentage
Toilet user	20	80
Toilet non user	5	20
Total	25	100

Source: Field Survey, 2011

The table 4.3 shows that some people are not use toilet and boiled water. But in total more than 80 percentage people are in positive in sanitation. This data shows that the sanitation system is improving in study area.

4.12. Feast and Festival

All feasts and festivals have been conducted in this study area under the rules and regulations of hindu and kirat mythology. The most celebrate festivals of this area are, Dasain, Tihar, Teaj, Maghe Sankranti, Uvauli and Udhauli, Chandi Purnima, Lohotsar etc. Dasain is recognized as the greatest festivals of people in the study area.

The Chhintapu Chiya Udpadak Shahakari Sanstha can play some supporting role in the field of feast and festivals calibration. It helps to the members economically through providing loan with lower interest rate.

4.13. Occupation

The main occupation is agriculture in the study area. So agriculture practice can be seen in this area. Before the time period 2066 B.S. Maize, Wheat, Potatoes and Cardamom etc are the main crops grown in this area. Agriculture activities of this area are largely regulated by the seasonal cycle. The major seasons are rainy and winter. In the rainy season cultivation starts at the out set of monsoon, which includes Maize, Potatoes and other green vegetable, then winter season crops are Wheat, Potatoes etc. There is not irrigation facilities and suitable environment so they can not cultivate paddy. Some people have their personal Tea garden. Now a days the area of Tea garden is increasing rapidly. The Chhintapu Chiya Udpadak Shahakari Sanstha helps to people to Tea farming through economically, technically and providing Tea seeds also. So in future Tea farming will covers as a main occupation in this area.

Table 4.4
Cropping status

Major Crops	Covered area percentage
Maize	40
Potatoes	20
Wheat	15
Cardamom	15
Tea	10
Total	100

Source: Field Survey, 2011

Maize and Potatoes are cultivate in a same cultivate area, Cardamom and Tea farming is separate cultivation system. In the area of irrigation facilities the cardamom is a most suitable crop in this area. Tea farming also covered in slope area. Other crops cultivation is depend on farmer desire. However the Maize is a main crop of this area.

The quality of the crop production determines the economic status of the people. Generally greater size of land holding indicates higher in the prestige and income level. But the productivity per unit of cultivated land is low due to the lack of irrigation and unavailability of modern agriculture input such as improve seeds, insecticides etc.

4.14. Farming System

The agriculture production in any region generally depends upon the existing ecological factors. The quality of soil, amount of manure used, irrigation facilities, and timely cultivation, continuous care of plant determines the quality and quantity of crop production. The study area's people often use traditional method of agriculture. The family members are main sources of labor supply.

The quality and quantity of crop production is dependent upon irrigation. Irrigation plays a main role in agriculture development. But as observed during the field study there is no irrigation facilities and the crops were not grown well.

After establishment of Chhintapu Chiya Udpadak Shahakari Sanstha farmer are attracting to the organic production. Now Tea farming is attractive farming in study area. People are cultivating Tea in slope side of land, where other crops are not so suitable.

Table 4.5

Estimated annual crops production (Yearly) of the Households under Study

Production	Maize		Wheat		Oil Seeds		Tea (Raw)		Cardamom		Potatoes	
	No	%	No	%	No	%	No	%	No	%	No	%
Less Than 100 Kg	-	-	5	20	10	55.55	10	62.5	3	18.75	5	20
100-200 Kg	3	12	6	24	8	44.45	3	18.75	12	75	6	24
200-500 Kg	5	20	5	20	-	-	3	18.75	1	6.25	10	40
500-900 Kg	7	28	4	16	-	-	-	-	-	-	4	16
900 Kg above	10	40	5	20	-	-	-	-	-	-	-	-
Total	25	100	25	100	18	100	16	100	16	100	25	100

Source: Field survey, 2011

The above table 4.5 shows that out of 25 households of study area all households cultivated the land. But the land holders Tea and cardamom are single farming system and Maize, Potatoes, Wheat, oil seeds are common cultivate crops in a same land. Farmers cultivated multiple crops in a same land as suitable season. Maize and Potatoes are major crops in study area. But Cardamom and Tea are giving high economic benefit to the people in this area. Field study also find out that, the Tea farming is rapidly growing an interested crop of people after establishment of Chhintapu Chiya Udpadak Shahakari Sanstha in study area. They cultivated Tea in slope side of land and difficult area to plough also.

4.15. Food Grains Sufficiency

The annual production of food grain is sufficient to meet the daily requirement through out the year of not was tried to find out during study period. Ecological unsuitability people do not cultivated Paddy in study area. But they use rice as main food in daily use. They use local production to fulfillment of requirement subsidiary food use in daily use. Cash crops help to people as economic fund to import rice. Therefore the crops production of people not meets the requirement of rapidly growing population.

Table 4.6

Food sufficiency of households of study area

Sufficiency in month	No of households	Percentage
Less than 6 months	8	32
6-9 months	12	48
9-12 months	5	20
Total	25	100

Source: Field survey, 2011

According to the above table explain 5 households remaining others do not produce enough food from their land. The table reveals that 32 percent households have food only for less than six months, 48 percentage households have sufficient food for up to 9 months and only 20 percent households have enough food for a year. During the field visit, it was reported that food deficit households compensated their needs by earning money from selling cash crops, wage labour, unskilled labour, quasi skilled labour and loan from money lender.

After the establishment of Chhintapu Chiya Udpadak Shahakari Sanstha, it helps to member through economic support as low rate of interest. This institution also technically support to Tea farming. People can balance (import) the food sufficiency and economic condition through cash crops production. The Tea farming helps to people to improvement of economic condition in study area.

4.16. Sources of livelihood on the basis of priority

All 25 households in the study area perform different types of work for their livelihood. Some of them have adopted animal husbandry, carpentry, agriculture labour etc. After the establishment of Chhintapu Chiya Udpadak Shahakari Sanstha some changes occurs in livelihood. Hand Tea production making gee and chhurpy from milk are new fields of livelihood in study area. The researcher endeavors to make difference on the basis of priority.

Table 4.7

Source of livelihood on the basis of priority

Sources	Primary		Secondary		Both Pri. and Sec.	
	HH No	%	HH No	%	HH No	%
Agriculture	8	32	-	-	3	12
Labour	2	8	3	12	-	-
Livestock	-	-	5	20	2	8
Service	-	-	2	8	-	-
Total	10	40	10	40	5	20

Source: Field Survey, 2011

The table 4.7 shows out of 25 households all are engaged themselves in agriculture, but only 8 households have taken agriculture as a primary source of livelihood and non of the respondent households have taken agriculture as secondary sources of livelihood. Among 25 respondent households 10 households have taken different sources of livelihood as secondary means as shown as table.

4.17. Animal Husbandry.

Animal husbandry is important not only for economic boost up but also for cultural and nutritional of the society. The study area of Nangin VDC keeps live stock primarily to sale the milk and manure. In addition to this oxen are used to plug land and chicken are used either for meal or sole on cash.

There are no any differences between before and after the establishment of Chhintapu Chiya Udpadak Shahakari Sanstha in study area. But now a day in the field of cow husbandry there is little bit differences then the past. The Kanchanjangha Tea State is supporting to the farmer through distributing new holistine cow in study area. Field study also finds out that the cow husbandry and milk production is better than the past. Farmers are selling milk to dairy uddhyog. There are 4 milk dairy providing the market facilities to the farmer in study area.

4.18. Labour

The term "labour input" means the fulfillment of required labour as per necessity. Both agriculture and animal husbandry are labour consuming economy. The domestication of animal requires regular labour compared to agriculture. All the family members are engaged either directly or indirectly in agriculture and animal husbandry. Almost every members of the family shares the work such as preparing the food, carrying manure to the fields, showing seeds, collecting fire woods and fodder from the forest, some of them are cutting grass etc.

Even economically inactive people are also helping hand of family. The boys are allocated different jobs in aboard and girls are working as labour in study area. A grow up boy specially 12-13 years helps his father in the field and forest, a girl helps her mother in households activities as lightening the fire, bringing water, preparing food and taking care of younger children.

As the family is the principle productive unit, it is also the sole source for labour supply. All the family members contribute during planting and labour supply. All the family members contribute during planting and harvesting season which needs additional labour. In such occasion they invite labour from their relatives/neighbors. There are mainly two kinds of labour in existence, one which is based on wages and locally known as perma. Under the perma system discrimination could be done in respect of age and sex. Every individual can join it but the return of their work is expected on the same basis.

There are no any differences in labour input factors between pre and post time period of Chhintapu Chiya Udpadak Shahakari Sanstha establishment.

4.19. Wage Labour and Service.

Since the production of agriculture land is sufficient most of the people are involved in wage labour, male or female, to meet their food requirement. They do not have any skill knowledge. Some of them weave mat, *Dalo, Doko, Jhak, Chitra* etc. but it is only for their domestic use. Some male people are in carpenter and wood cutter sectors. So wage labour is

sole source of livelihood of this study area. There is a little discrimination made in wages labour. Male gets higher wages than females for the same type of work. Most of them taken cash in return to their work and some of them take food grain. It was informed that a person gets 80-100 rupees instead of doing full day labour.

Table 4.9

Earning from wage labour and services of the Households (Yearly)

Income (in Rs.)	Households	
	Labour	Service
Less than 5000	2	-
5000-10000	5	-
10000-15000	5	-
15000-20000	8	-
20000 above	-	5
Total	20	5

Source: Field Survey, 2011

Table 4.9 shows the earning form services and unskilled labour. Out of 25 households 2 households earned less then 5000, five households earned Rs. 5000 to Rs.10000 and five households earned Rs.10000 to Rs.15000 from labour worked, eight households earned Rs.15000 to Rs.20000 in a year. Likewise 5 household earned more than Rs.20000 form service. In total earned amount, the Tea labour contributed 10 percent amount in the study area.

4.20. Skill

As we know the agriculture can not alone improve the economic status of the people, the economic condition of people of study area is also seriously thinkable. There is no more skilled labour some of the households' member are engaged in carpentry and wood cutter, which fulfills the local demand. Out of all these 25 households carpentry and wood cutter profession is kept continue only by 4 households. But there 10 household are kept as part time profession to carpentry and wood cutter. Some people are involved in weaving Doko, Dalo, Lamlo, Damlo, Jhak etc. but it fulfills only their household demand. Remaining others do not have any

professional specific knowledge. They utilize their skill to fulfill their domestic requirements. The skill of these people do not play significant role in improving their economic status.

There is little bit differences in skill development sectors, between pre and post time period of establishment of Chhintapu Chiya Udpadak Shahakari Sanstha (CCUSS) in the study area. After establishment of CCUSS some people are involved in Tea farming and production of organic hand Tea also. The 3 households have specific knowledge about Tea farming, cutting Tea, nursery and hand Tea production sectors. The Kanchanjangha Tea Est. is supporting to farmers in Tea farming and development also.

4.21. Types of Land

Land ownership is still the most important index of wealth in Nepal. However the possession of land is greatly valued among the people of study area. It is valued as a factor of production and continuous source of income. It is greatly valued as food crops and cash crops production. Actually the land occupied by people in study area could be classified in to three categories.

4.22. Bari

These fields are plain and generally fertile. This type of land could be ploughed by oxen. Being fertile in nature the major crops like Maize, Wheat, and Potato are cultivated according to the session. This type of land is in the lower level than the pakho. Field study find out that there is about 55% land is covered by Bari in the study area.

4.23. Pakho

This type of land is situated a little bit high and low level compared with Bari. Therefore the nature of pakho is dry. The seasonal crop (Potatoes and Maize) can be cultivated here. Some part of pakho is use as grass production in the study area. Field study find out that there is about 30% land is covered by pakho in the study area. The tea farming is covered about 5% pakho land in the study area.

4.24. Kholsakhalsi

This type of land is lower level than pakho. It is also irrigated than other bari and pakho land. The cardamom is cultivated here. It is most income able land as cash crops. There is about 15% land as kholsakhalsi in study area. It is also situated in lowest level in study area. Out of 25 households only 5 households have this kind of land in study area.

The productivity of Bari and Pakho is varies. Because of the lack of irrigation facilities they have to depend upon the monsoon for agriculture. The jungle is declining day by day and the supplement of fodder from jungle is less, as the domesticated animals are also decreasing. Most of the land is used as traditional agriculture system.

Now a days people are use to pakho as Tea garden in spite of irrigation facilities. But the financial problem, they can not use the total area of pakho as Tea farming. Field study find out that the Chhintapu Chiya Udpadak Shahakari Sanstha is supporting to people in Tea farming sectors as far as possible in study area. So the future of pakho will be better through Tea farming if there is well manage through related government and private sectors.

4.25. Fuel and Electricity

Fuel and electricity consumption is also a tools for finding socio-economic status of any community. Nepal is known as second rich country in water resources in the world. But there is not utilized resource as potentiality. Field survey finds out that there is not sufficient facility of hydroelectricity in study area. Most of the people are using solar and some are using kerosene for the purpose of fuel and electricity in the study area. They use kerosene in lamp and solar electricity in light, mobile charge, radio, tape recorder, camera charge etc. Nangin VDC has hydroelectricity, but it can not be distributed in targeted area. According VDC office, it will be distributed to all households in Nangin VDC. But now there is financial problem to distribution. The study area is about 10 km far from hydro power production point. But about 25% people are using hydroelectricity in Nangin VDC.

After the time period of 2066 B.S., 10 households have solar electricity, before they were used kerosene to burned light in night mode.

Field survey also finds out that, it is improved in educational activities of children with the help of solar electricity in the study area. It is also bring positive change in health condition than using kerosene. The telecommunications activities and facilities also increasing day by day with the helps of solar system in the study area. The Chhintapu Chiya Udpadak Shahakari Sanstha is supporting to members by providing discount in solar system linking with solar company in panchthar district.

Most of the people are using fire wood as fuel in cooking foods in the study area. There are no more changes in this sector because of the scarcity of alternative fuel source till now. But now a days people are using improve cooking stove and less consume fire wood than before. It can say that there is positive effect in health and economic conditions of people in study area than past time period. The Chhintapu Chiya Udpadak Shahakari Sanstha is supporting to people as technical and financial to make improve stove coordinating with difference other institution in related sectors.

CHAPTER FIVE

5. DATA ANALYSIS AND MAJOR FINDINGS

In this chapter some important data are presented through chart and diagram and some major findings are included as summary.

5.1. Types of House in study area.

The house of cooperative members in study area is dispersed in ward No 7 and 8 in Nangin VDC. The house composition of the difference time period in study area is given below.

Table 5.1

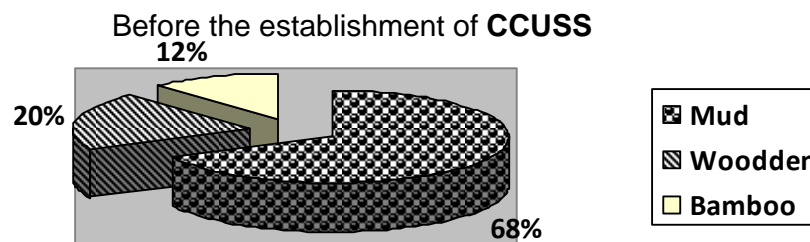
Types of House	Before CCUSS		After CCUSS	
	Households	%	Households	%
Mud House	17	68	22	88
Wooden House	5	20	2	8
Bamboo House	3	12	1	4
Total	25	100	25	100

Source: Field Survey, 2011

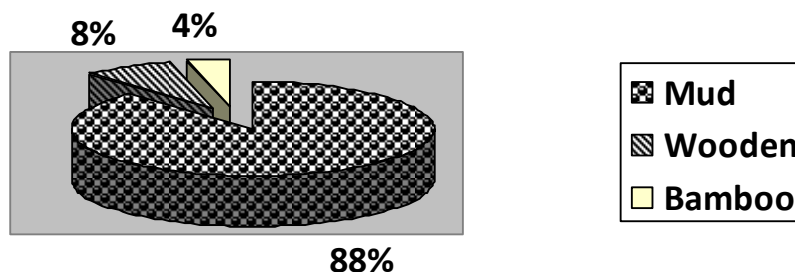
The above table describes the house composition of people in study area before and after the establishment of Chhintapu Chiya Udpadak Shahakari Sanstha. The muddy houses are increasing and woody and bamboo house are decreasing now, after the establishment of CCUSS in study area. So it can say that the economic status of the people is better than the past.

The above table can be shown in the pie-chart

Figurer No 5.1



After the establishment of **CCUSS**



5.2. Income Source

The income source of study area is various in natures. People are involved in many sectors directly and indirectly. Here some important income sources are mention below.

Table 5.2

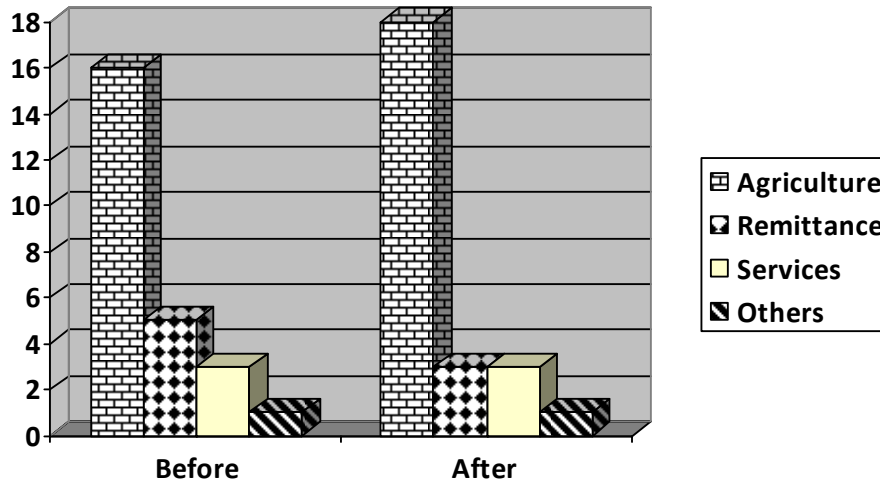
Income Sources	Before CCUSS		After CCUSS	
	Households	%	Households	%
Agriculture	16	64	18	72
Remittance	5	20	3	12
Services	3	12	3	12
Others	1	4	1	4
Total	25	100	25	100

Source: Field Survey, 2011

The above table 5.2 describes the income sources of people in study area. Two households are increased than past in agriculture sectors. The two households are less than past in remittance sectors. The number of foreign employer is decreasing in study area, because of the possibilities of income source in local sectors. There is no change in services and others income source in study area.

The above table can be shown in the Bar diagram

Figure No 5.2



5.3. Sources of Drinking Water Conditions

There is little source of drinking water but not sufficient. Most of the people are using combine water tape in this area. The Lalidanda is the main source of water to the people in study area. The water consumption conditions of the people in study area as follows.

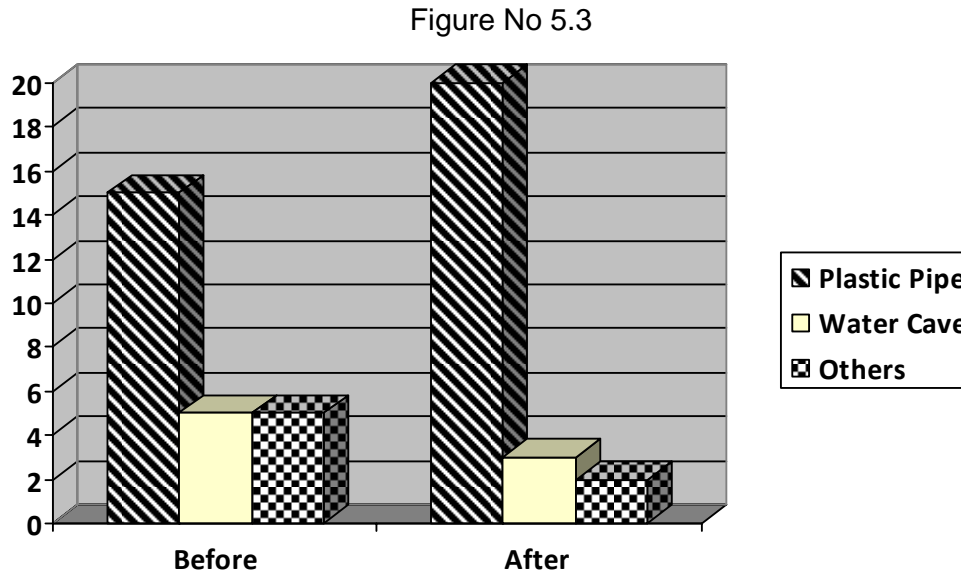
Table 5.3

Particulars	Before CCUSS		After CCUSS	
	Households	%	Households	%
Plastic Pipe	15	60	20	80
Water Cave	5	20	3	12
Others	5	20	2	8
Total	25	100	25	100

Source: Field Survey, 2011

The table 5.3 shows that, most of the people are using plastic pipe for water supply in their house in study area. The cave and other source of water is going to scare so people are interested in using plastic pipe to supply drinking water than the past time period. They import drinking water from Lalidanda in Nangin VDC ward No 8. There are 5 source of drinking water; all of them are using as drinking water in the study area,

The above table can be shown in the Bar diagram



5.4. Toilet user Households

Most of the people are using toilet in the study area. Some people made modern toilet with cement and toilet pane, some are using normal toilet made with bamboo. The toilet using system in study area is given below.

Table 5.4

Particulars	Before CCUSS		After CCUSS	
	Households	%	Households	%
Modern Toilet user	13	52	20	80
Normal Toilet user	10	40	5	20
Non Toilet user	2	8	-	-
Total	25	100	25	100

Source: Field Survey, 2011

The table 5.4 shows that, the modern toilet number is increasing and normal toilet and non toilet user are decreasing after the establishment Chhintapu Chiya Udpadak Shahakari Sanstha. There are 80 percent households using modern toilet and no household are without toilet in the study area in now.

5.5. Farming conditions

Farming condition in the study area is two types. One is multi-cropping system (more than one crop in a same land) and other is single farming in difference land. The farming conditions in study area are shown as follow.

Table 5.5

Crops	Before CCUSS		After CCUSS	
	Households	%	Households	%
Maize	25	100	25	100
Wheat	10	40	10	40
Tea	3	12	6	24
Cardamom	5	20	5	20
Total	25	100	25	100

Source: Field Survey, 2011

The table 5.5 shows that, all households were cultivating Maize in past and present time period. But Tea farming is higher than before the establishment of Chhintapu Chiya Udpadak Shahakari Sanstha in the study area. The cardamom and wheat farming condition is Constance till now. The Maize and Wheat farming land is same, the cardamom and Tea is single farming system in the study area.

5.6. Tea Production

Tea farming is increasing rapidly in the study area. There are two kinds of Tea seeds cultivated according to land condition. The modern Tea farming is increasing with cutting seeds; the production of hand Tea of cutting seeds is higher than traditional goti seeds. The Tea production condition is shown as follows.

Table 5.6

Types of Tea	Before 2066		After 2067	
	Kg (Year)	%	Kg (Yearly)	%
Hand Tea (Goti)	50	50	80	28.57
Hand Tea (Cutting)	50	50	200	71.43
Total	100	100	280	100

Source: Field Survey, 2011

The table 5.6 shows that, the modern hand Tea (through cutting seeds) is higher than hand Tea (through goti seeds), after the establishment of Chhintapu Chiya Udpadak Shahakari Sanstha in study area. In time period of before CCUSS, there was equal position of both Tea productions.

5.7. Tea demand and consumption

People are consuming local production and imported Tea as their interest. The local produced Tea is known organic and imported is known as CTC. The Tea demand and consumption condition is shown as follows.

Table 5.7

Types of Tea	Before CCUSS		After CCUSS	
	Kg (Yearly)	%	Kg (Yearly)	%
Local production	30		60	
Imported	70		40	
Total	100	100	280	100

Source: Field Survey, 2011

The table 5.7 shows that, local produced Tea demand and consumption is increasing. Before the establishment of Chhintapu Chiya Udpadak Shahakari Sanstha they consumed 70 percent imported Tea, but now they consumed only 40 percent imported Tea as whole. It will be overlap to imported Tea by local Tea consumption rate in study area.

5.8. Fuel Consumption

There is diversity in fuel consumption system in study area. People are using solar system and kerosene as light in night mode and fire wood is using to cooking foods etc. The fuel consumption system in study area is shows as follows.

Table 5.8

Fuel Source	Before CCUSS		After CCUSS	
	Households	%	Households	%
Solar electricity	10	40	20	80
Fire Wood	25	100	25	100
Kerosene	13	52	5	20
Others	2	8	-	-
Total	25	100	25	100

Source: Field Survey, 2011

The table 5.8 shows that, the solar user is increasing rapidly than before time period. Due to the higher price the user of kerosene are decreasing in study area. The fire wood is main sources of fuel to cooking food; there is no change in using fire wood both time periods.

5.9. Major Findings of the Study

Some key information is obtained from this field based study about the role of cooperative in rural development in Nangin VDC ward No 7 and 8. This study was mainly focus about cooperative activities and its impact in related sectors. It was also comparative study before and after the time period of 2066 B.S. From the field study not only the role of cooperative in study area were observed. It is also observed income source, fuel consumption, farming system, sanitation, educational status etc. These factors have relationship with cooperative activities. The major findings about the role of cooperative in rural development in the study area are given below:

- ❖ The education status of study area is in satisfactory condition, it is higher than national literacy rate, but unemployment rate is extremely higher, none of them have government jobs out of 25 households.
- ❖ The agriculture production is not improve as satisfaction level, because of the scarcity of irrigation facility, modern technique and tools etc.
- ❖ The income of the cash crops is higher than other but people have spent this income to purchase rice and celebration festivals also. The saving activity is not so effective in the study area.
- ❖ There is no special rural development program lunched through national level. People are facing many difficulties without specific program.
- ❖ Some people are vast rooted in high interest rate and their economic condition is poorest than other. They need effective financial support to bring positive change in their life.
- ❖ The political disorder is a main cause of backwardness of socio-economic condition of the people. Most of the program lunched through local level is affected by political sectors then they cannot play effective role in the study area.

- ❖ The income source is in satisfaction level but it is not utilized properly. There is not banking facility. The Chhintapu Chiya Udpadak Shahakari Sanstha is working as tiny tissue of banking system as providing saving and loan facility to the member only in study area.
- ❖ There are so many potentialities like milk production, Tea farming, cash crops production, small scale industry, local paper (Nepali paper) production, tourism development and bio diversity conservation sector.
- ❖ There are differences between cooperative member and other people as economically, socially and other sectors. Life standard of cooperative member's is also better than other people in the study area.
- ❖ People (only cooperative member) can save their little amount of income in cooperative institution and use it in critical condition in their life. But other member cannot save their income till now in the study area.
- ❖ The cooperative institution is bringing positive changes in sanitation, using improved stove, income source, depending ratio and life standard of people through providing training and loan facilities.
- ❖ The cooperative also bringing change in animal husbandry. People are highly beneficial through holistine cow husbandry as economically.
- ❖ The Tea farming is developing as an interested farming system in study area. The CCUSS is only supporting to the farmer in Tea farming sector as a whole.
- ❖ Some necessary steps are required for the rural development in the study area. It is found that the people in study area will accept any programs focusing their development. They are interested to welcome those kinds of program.
- ❖ Finally, the cooperative institution and its activities is positive mode in the study area. It can fully support to it's member for their daily life as a source of new economic dimension. But it is necessary to helps the rural member through national level as financial and technical mode to bring positive change in rural development.

CHAPTER SIX

6. SUMMARY, CONCLUSION AND RECOMMENDATION

Some important facts and information are mention in this topic as summary, conclusion and recommendation. It can help to planner, policy maker and other related agency with cooperative.

6.1. Summary

The summary is a mirror of related dissertation. In this topic, some important and notable facts are representation in systematically. This research depends on the topic "Role of Co-operative in Rural Development". It is based on the comparative study between two time period (before and after of the establishment of Chhintapu Chiya Udpadak Sahakary Sanstha, in the study area. The dissertation can be summary are made by the researcher as follows.

- ❖ The objectives of the study are socio-economic impact, potential activity and role in rural development process of co-operative in the study area.
- ❖ The cooperative programs are increasing day by day as a basis of rural development. It is also contribution to create employment opportunities in the study area.
- ❖ The limitation of time and budget the study concerned only about the subject matter of cooperative and rural development activities.
- ❖ In this study the member of cooperative institution are selected only in Ward No 7 and 8 of Nangin VDC. The 25 households were taken in to consideration with equal ratio of the wards. The respondents from different occupation and age group were chosen by using purposive sampling.
- ❖ The necessary data were collected through cooperative members, school head master, VDC secretary and DDC office of related study area.
- ❖ The Cchintapu Chiya Udpadak Sahakary Sanstha was established in 2066 B.S. It is working as a tiny tissue in organic tea production sectors in the study area.

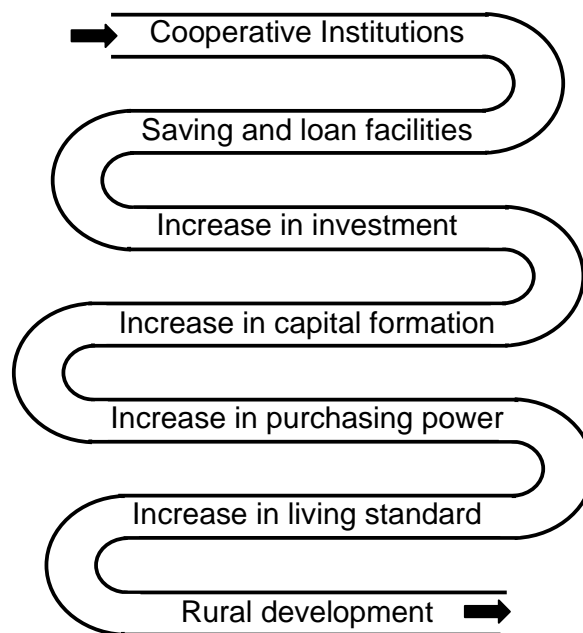
- ❖ It is improving the sectors of farming system, sanitation, capital formation, occupation, animal husbandry, skill development etc. in the study area.
- ❖ The agriculture is a main occupation of people in the study area. The research also finds out that there are 72% households are involved in agriculture.
- ❖ After the establishment of Cchintapu Chiya Udpadak Sahakary Sanstha, the numbers of modern toilet user household are increased about 28% then the past in the study area.
- ❖ The solar user households are increasing rapidly than the past. About 40% household were increased in solar electricity sector during the last 2 years in this area.
- ❖ The study also finds out that about 20% households have enough food for a year. Most of the people have to import food from another productive area. The district headquarter Phidim is a main market of people in this study area.
- ❖ There is not sufficient source of drinking water. The people maximum utilized of local water source. More than 20% households are depending on unsaved water source in the study area.
- ❖ The educational status is in satisfactory level in the study area. There are about 81 percent people are literate. The percentage of female literacy is about 86 in the study area.
- ❖ The tea farming and organic hand tea production is also increasing in the study area. About 60% households are balance their local tea demand through local production.

6.2. Conclusion

The final step of any research is to draw conclusion. Some interesting facts, notable and important information are drawn from the field study about the present educational status of the study area. The data obtained were not ranged from the preliminary conclusions made by the researcher. By the analysis of the obtained data following necessary conclusion are made by the researcher. By the analysis of the obtained data following necessary conclusions are made.

- ❖ The people in the study area still lives in isolation from other communities. They are vast rooted in poverty. They are culturally rich, simple and gentle but economically poor. Some of them have government jobs. They basically depend on traditional agriculture and wage labour. The fertility as well as mortality rate is high. The people are ultra poor cases.
- ❖ Education status of people in study area not so bad. Most of the children are going to school and some guardians are also literate. But there is only one higher secondary school. After +2, all of them have to leave their VDC to study higher education. They are facing economic problem in the study area.
- ❖ The income source in the study area is positive; there are so many potentialities to cash crops production. But people are facing financial and technical problem. Market facility is also the main problem of study area.
- ❖ The capital formation and saving system is also in low level in the study area. People are investing their income to celebrate festivals and making house in local level.
- ❖ Drinking alcohol and health condition is also a problem of some people in the study area. It affects in children education sectors also.
- ❖ All households are cultivating food crops but they have to buy rice from market. They use their production in making alcohol.

- ❖ They produced about 2000 liter milk per a day. They sale this milk to milk dairy but low price level they cannot have enough economic benefit from milk production.
- ❖ The problem of irrigation is also a main case to low agriculture production in the study area.
- ❖ The CCUSS is supporting to people in Tea farming sectors but it has not enough financial condition in related sectors. It only covered 35 household as cooperative member, other households are in backward form cooperative benefit.
- ❖ In the rural development sectors the governments do not lunched any kinds of program in the study area. People are maintaining their local necessities with cooperation each other, through difference group created by local people.
- ❖ The Nangin VDC has a hydropower project but about 70% people are in dark mode from hydro electricity. There is a economic problem to distribute electricity in study area.
- ❖ Having potentiality of market development. The transportation condition can not spread, because of the financial problem in the study area. There is low level muddy road, which link to other village, but only tractor and pick up can drive in this road. People are facing transportation facilities in study area till now.
- ❖ The problem of awareness and government support, the cooperative institutions and activities can not grown in higher level in the study area.
- ❖ The role played by the cooperative in rural development process can be shown by the following,



6.3. Recommendations

Completely analyzing the facts and figure form the field study, some important findings and conclusion are made. Those findings and conclusions reflect some issue that is to judge and consider. On the basis of the conclusions and findings, the following recommendations are made to enrich the role of cooperative in rural development process in the study area.

- ❖ To involve the people in socio- economic activities, the interest free loan as a micro credit should be provided.
- ❖ To increase cooperative activities, government should be providing financial support to cooperative institution.
- ❖ Through social awareness, encourage the people to control birth rate, mortality rate etc.
- ❖ The Tea farming and cardamom farming are the main source of income in the study area, so Nepal government should help to famer as economically and technically in local level.
- ❖ The government lunched effective rural development program to increase socio-economic condition of people in the study area.

- ❖ It is important to involve all people under cooperative institution to create saving and loan opportunity. It also helps to bring about positive change in their life standard.
- ❖ To control unnecessary expenditure, the government should be designed specific and effective programs, which encourage the people to invest in capital formation sectors.
- ❖ It is necessary to develop cooperative education, training, model cooperative programs to increase the role of cooperatives in the rural development process in the study area.
- ❖ To bring about positive change in the rural development process, it is necessary to modernize agriculture, fulfill fuel demand, create employment opportunities, improve health conditions and educational sectors etc. Programs should be made in an integrated and coordinated manner by the participation of the government, non-government organizations and local bodies.

6.4. Suggestions for the further Research

By completing this research work, all concerned authorities are requested to research in other sectors of this area. This dissertation has described only the role of Chintapu Chiya Udpadak Sahakari Sanstha in this community and on the basis of this dissertation; it will be easier to investigate the other remaining areas of the community. It is also recommended that the community can be studied from different points of view of cultural, educational, ecological and women's status etc. to find out other more characteristics of the community. It is also recommended to study the community with the educational and economic points of view separately.

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▪ Appendix A

▪ The Map of Panchthar Districts



Appendix B.

Related Questionnaires (Model)

1. What is your Name?
2. How many members in your family?
3. What is your main Profession?
(a) Agriculture (b) Business (c) Jobs (d) Other
4. Are you a co-operative member?
(a) Yes (b) No
5. Have you taken loan from cooperative institution?
(a) Yes (b) No
6. Where did you spend the loan from cooperative institution?
7. Does the cooperative institution give you any training?
(a) Yes (b) No
8. Have you got toilet?
(a) Yes (b) No
9. What kind of toilet have you got?
(a) Modern (b) Bamboo (c) Normal (d) Other
10. How do you manage your drinking water supply?
(a) Polethin Pipe (b) Water cave (c) Other
11. What is a major crops if your Production?
(a) Maize (b) Potatoes (c) Tea (d) Other
12. Did you have any training through this cooperative institution?
(a) Yes (b) No