

**Financial Performance Analysis
Of
Five Community Based
Women Saving and Credit Co-operative
In
Makwanpur District.**

By:
SUJATA LAMA
Faculty of Management
Makawanpur Multiple Campus, Makawanpur
T.U. Registration No: 16108-94

**A Thesis submitted
To
Office Of the DEAN,
Faculty of Management
Tribhuvan University**

**in partial fulfillment of the requirement for the
Degree of
Masters of Business Studies (M.B.S.)**

RECOMMENDATION

This is to certify that the thesis

Submitted by

Ms. Sujata Lama

Entitled:

**“Financial Performance Analysis of Five Community Based Women
Saving and Credit Co-operative
In
Makwanpur District”**

has been prepared as approved by this Department in the prescribed format of Faculty of Management. This thesis is forwarded for examination.

.....
(Mr. Yuwaraj Giri)
(Campus Chief

.....
(Mr.....)
(Thesis Supervisor)

Date: -

Viva-Voce Sheet

We have conducted the Viva-Voce examination of the thesis

Presented by
Ms. Sujata Lama

Entitled:
**“Financial Performance Analysis of Five Community Based Women
Saving and Credit Co-operative
In
Makwanpur District”**

And found the thesis to be the original work of the student and written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirements for the Degree of The Masters of Business Studies (**MBS**).

Viva-Voce Committee

Head of Research Committee:

Member (Thesis Supervisor)

Member (Thesis Supervisor)

Member (External Expert)

Date:

DECLARATION

I hereby declare that the work reported in this thesis entitled to “Financial Performance Analysis of Five Community Based Women Saving and Credit Co-operative in Makwanpur District” submitted to Central Department of Management, Kritipur, Kathmandu, T.U., is my original work done in the form of partial fulfillment of the requirements of Masters of Business Studies (M.B.S.) under the supervision of Lecturer Mr. Bin Bahadur Raut, Makawanpur Multiple Campus, Makawanpur, Hetauda.

Researcher
Sujata Lama

ACKNOWLEDGEMENT

Accomplishment of beautiful work requires crystal heart, creative mind, hard labor, dedication and commitments. Many helpful hands are needed to complete the work. After completion of the work, immense joy can be experienced which I am doing this time. I cannot be selfish with sole enjoyment. I must share it with all who are equal candidates for the credit.

Firstly, it's my great honor to thank my thesis supervisor Mr. Bin Bahadur Raut as well as Mr. Vijay Sharma and the all faculty members of Makawanpur Multiple Campus Commerce Stream who insisted and guided me to complete this research work.

It was really gratifying to study the financial analysis of Women Saving and Credit Cooperatives in Makwanpur District. During the time of my study, I received a great deal of assistance and assurance from various persons and institutions. Especially, I extend my gratitude to the staff and chairperson of Makwanpur District Saving and Credit Cooperative Union and the regarded cooperatives for their cardinal help and co-operation in data collection.

I extend my deep gratitude to my family for their continuous motivation, encouragement. Next, I am indebted to all my classmates for assisting me computerizing and technically while preparing this dissertation.

THANKING YOU,
Sujata Lama
June, 2009

Table Of Contains

	<i>Page</i>	
Chapter: 1	Introduction	
1.1	Back ground Of Study	1
1.2	Fundamental Elements of Cooperative	4
1.3	About cooperatives under study in Makwanpur District.	5
1.4	Focus of the study	7
1.5.	Statement of the problem	8
1.6.	Objectives of the study	8
1.7.	Significance of the study	9
1.8	Limitation of the study	9
1.9.	Research Methodology	10
1.9.1.	Research Design	10
1.9.2.	Sample Selection	11
1.9.3.	Nature and Sources of Data	11
1.9.4.	Data Collection Procedure	11
1.9.5.	Data Processing Technique	12
1.9.6.	Data Analysis tools	12
1.10.	Organization of the study	20
Chapter 2	Review of Literature	
2.1.	Conceptual Review	22
2.1.1.	Saving and Credit Co-operatives	23
2.1.2.	Savings and Credit Groups	23
2.1.3.	Traditional Savings and Credit Groups	23
2.2.	Saving and Credit Cooperatives (SACCOS) in Nepal	24
2.3.	Role of SACCOS in Nepal	25
2.4.	Problems, Challenges and Opportunities of SACCOS	27
2.4.1.	Problems	27

2.4.2. Challenges	27
2.4.3. Opportunities	28
2.5. Financial Statements	28
2.5.1. Financial Statements Analysis	29
2.5.2. Importance of Financial Analysis	30
2.5.3. Process of Financial Analysis	30
2.6. What is PEARLS?	31
2.7 Review of Books	32
2.8 Review of Articles	33
2.9 Review of Unpublished Thesis	34
2.10. Research Gap	36
2.11. A Case Study	37

Chapter 3 Research Methodology

3.1 Research Design	38
3.2 Source of Data Collection	38
3.3 Population and Sample	39
3.4 Method of Data Analysis	40
3.4.1 Financial Tools	41
3.4.2 Analysis of PEARLS monitoring system	45

Chapter 4 Presentation and Analysis

4.1 Performance Measure	52
4.1.1. Interest earned to total Assets Ratio	52
4.2 Operating Efficiency Measures	53
4.2.1. Loan and Advances to Total Deposit Ratio	53
4.2.2. Loan and Advances to Fixed Deposit Ratio	54
4.2.3. Loan and Advances to Saving Deposit Ratio	55
4.3 Liquidity Ratio	56
4.3.1. Cash and Bank Balance to Total Deposit	57
4.4 Income & Expenditure Analysis	58

4.4.1. Income analysis	58
4.4.2. Expenses Analysis	60
4.4.3. Interest Expenses	60
4.4.4. Staff Expense	61
4.5 Trend/Growth Analysis	62
4.5.1. Trend of Number of Shareholders	63
4.5.2. Trend of Share Amount	64
4.5.3. Trend of Total Deposits	65
4.6 Analysis of PEARLS monitoring system	66
4.6.1. What is PEARLS?	67
4.6.1.1. Protection	68
4.6.1.2. Effective Financial Structure	71
4.6.1.3. Assets quality	75
4.6.1.4. Rate of return and cost	78
4.6.1.5. Liquidity	83
4.7 Major Findings	86

CHAPTER 5 Summaries, Conclusion & Recommendations

5.1 Summary	89
5.2 Conclusion	91
5.3 Recommendations	92

List of Table

<i>Table No.</i>		<i>Page</i>
1.	Shortly Indicated Name of Cooperatives	51
2.	Interest earned to total Assets Ratio	52
3.	Loan and Advances to Total Deposit Ratio	54
4.	Loan Advances to Fixed Deposit Ratio	55
5.	Loan and Advances to Saving Deposit	56
6.	Cash and Bank Balance to Total Deposit	57
7.	Interest Income to Total Income Ratio	59
8.	Interest Expenses to Total Expenses Ratio	60
9.	Staff Expenses to Total Expenses Ratio	61
10.	Trend of Number of Shareholders	63
11.	Trend of Share Amount	64
12.	Trend of Total Deposits	65
13.	Protection Measures	69
14.	Effective Measures	72
15.	Total Loan Delinquency to Gross Loan Portfolio	75
16.	Total non-earning to total assets	76
17.	Net zero cost capital to non earning assets	77
18.	Rate of return and cost measures	80
19.	Liquidity measures	84

LIST OF FIGURES

	<i>Page No.</i>
Figure 1: Operating Cooperatives in Nepal till Chaitra 2062	03
Figure 2: Process of the Analysis of Financial Statement	31
Figure 3: Population of WSACCOS in Makwanpur District	40
Figure 4: Trend of Number of Shareholders	64
Figure 5: Trend of Share Amount	65
Figure 6: Trend of Total Deposits	66

List of Abbreviation

A.D.	:	Anno Domino
ADB/N	:	Asian Development Bank/Nepal
ACCU	:	Association of Asian Confederation of Credit Unions
B.S.	:	Bikram Samvat (Nepali Year)
GOs	:	Government Organizations
HMGN	:	His Majesty Government of Nepal
INGO	:	International Non-Government Organization
NEFSCUN	:	Nepal Federation of Saving & Credit Cooperative Unions Ltd.
NGO	:	Non Government Organization
ROSCA	:	Rotating Saving & Credit Cooperative Societies.
SFDP	:	Small Farmers Development Program
SACCOS	:	Saving & Credit Cooperative Societies.
VDC	:	Village Development Council