

CHAPTER I

INTRODUCTION

1.1 Introduction

A cooperative is a voluntary organization of persons with limited means to safeguard these needs and interest (Acharya 2006). Principally cooperative are established by such persons of ordinary means who have oneness of interest in solving their similar problems. The philosophy behind cooperative movement “all for each and each for all self-help through mutual help” such and organization registered under cooperative act is called “cooperative society “It’s basic purpose is to help weaker section of the society. In Nepal cooperative societies are registered under cooperative act 1992(NCDB 2006).

The main aim of cooperative development has been to bring about social and economic up-lifted of the poor farmer by “pooling their small capital fragmentary land and limited labor”. It aims at providing not any credit and other facilities on fair terms but also to help in marketing and development of industries. Cooperatives are regarded as complementary to change the socio-economic inequalities and introducing progressive changes for accelerating.

Cooperative movement of Nepal started with the establishment of department of cooperative in 1954 (CEDA). The main objective of cooperative movement was to raise the socio-economic conditions of the poor farmers by pooling their small capital and fragmented land. Cooperative was regarded of the country by removing socio-economic inequalities through progressive changes (NCDB 2004).

The world bank quotes definition cooperative is to be understood as an associations of persons based on a mutual contact (social contract by laws) which may some law registered with the state and whose members have chosen the mutual goal of creating a enterprise with a democratic voting system and sharing also in the process (Pekka Hussi, Joselte Murphy, Ole lind Berg and Lyle. Benneman,1993) cooperatives

origin is the result of the socio-economic exploitation of uses landlords. Mice owner etc. the weak people through to be united to fight against this depression. They conducted that the cooperative is the best way of getting rid off such exploitation so the cooperative is a form of organization of the economically weak people where in actual users of certain goods and services voluntarily associate together as human beings on the basis of equality for the promotion of their economic interest honesty.

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

Nepalese people have a long tradition in cooperative having many from of labour sharing inform mutual aid groups and rotating saving and credit association in rural areas with different ethnic groups . Dhikuri , parma ,dharma, bhakari and guthi are some of the traditional forms of informal cooperative (Shrestha,2007)

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

maintainance of children and young people for longer periods at school or college. These wider education opportunities open the way to a greater choice of employment.

1.2 Statement of the Problems

In Tilotama municipality, there have not been any researches to find out the role of cooperative credit for Agriculture Development. “To apply cooperative, eliminate unemployment” is the main slogan of the Sana Kishan Krishi Sahakari Sanstha Limited. Sana Kishan Krishi Sahakari Sanstha Limited has focused it programs to the poor farmers and their needs, skills and techonolgy development activities. Through them, it believed that there is changed in educational, health, socio, economic condition of the member of it’s cooperative and it is also provide business credit for interested farmers. For example, if any interested member wants to invest on meat product and dairy product, they could borrow money at 9% interest from the cooperatives.

Samuhik Bikash Bachat Tatha Rid Sahakari Santha Limited is the first saving and credit cooperative in Rupandehi district. It is provide credit for poor farmers. It is so unique that some cooperatives come for observation. It is provide loan in many sectors like home loan, business loan, alternative energy loan, microfinance, agriculture loan, etc. This shows that it is better to be specific in its areas of investment.

Thus, the cooperative has to be judged from credit flow mechanism, its role in income generation and its impact in the study area.

1.3 Objectives of the Study

The major objectives of the study to analyze the role of cooperative creadit for agriculture development this is based on the study of role of cooperative credit for agriculture development of Tilotama Municipality.

The specific objectives are:

- a) To analyze the credit flow mechanism of the cooperative.
- b) To analyze the role of cooperative in income generating activities related to agriculture.
- c) To analyze the impact of cooperatives in production and income generation.

1.4 Rationale of the Study

Cooperative is the most important aspect of the agriculture development as well as the rural development. So we can say that cooperative can play the vital role for providing credit to the farmers. Nepal is a agriculture country and live stock farming is one of the component of agriculture.

This study is basically concerned with the role of cooperatives credit for agriculture development of Tilotama Municipality in Rupandehi district. There are so many problems regarding with the agriculture practices. Through this study is to make an effort to analyzed only the of cooperative credit for the agriculture development. All the varieties of the process which are the key indicator of the agriculture development process without agriculture transformation Rural Development is impossible.

1.5 Limitations of the Study

This present study is based on and limited to the members of cooperative organization of Tilotama Municipality of Rupandehi districts.

This study has the following limitations:

- 1) The study area is only Tilotama Municipality
- 2) Data is collection two cooperative organization named Samuhik bikash bachat tatha rid sahakari sanstha limited and sana kishan krishi sahakari sanstha limited.
- 3) It is based on the limited tools and techniques.
- 4) This study has completed with the limited time effort and money.

1.6 Organization of the Study

This study has organized in the Five chapters. The first chapter is an introduction of the subject matter which includes background of the study, objectives and rationale of the study. Similarly, various studies make in the second chapter through review of the literature. The third chapter is about research methodology of the proposed study. The fourth chapter is the description of the study area it is include data presentation and analyze. The fifth chapter is present summary conclusion and recommendations for the betterment of the study area issue.

Data has presented quantitatively by using graphs, pie charts and tables. It used statistical tools to analyze the data. Moreover, the study is qualitatively verified.

CHAPTER II

REVIEW OF THE LITERATURE

Literature review is one of any research work for this research work the literature review of will be done under two categories; the conceptual review of empirical study for this, different books, journals, articles, plans and policies, other published and unpublished documents related to the subject will be review.

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

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

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

In Poland, the housing cooperative society was established in 1928 through peasant self-aids. The government had given them with the text of dialing up Extra land,

which was taken from the big state amount of the peasants because peasant self aids were run on cooperative lines they were long before interpreted in to cooperative movement.

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

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

A study has been taken by man Bahadur B.K on the financial analysis of Nepalese cooperative societies with reference with reference to district cooperative association Ltd. Banepa, kavre. The objective carried by this study was to analysis the strengths and weakness of the association on the basis of financial statements and their behavior. The study concluded that organization’s liquidity position was satisfactory but it had invested its fund in current assets unnecessarily. The assets utilization position of the organization was not satisfactory due to loss and in efficient debtors management. The association had not maintained it’s appropriate leverage position due to its improper management of funds and sundry creditors. The association was suffering from the operating loss throughout its study period on an average there is an operation loss of 0.92 percent per year. The financial performance of the association was found very weak. He has suggested that the cooperative should maintain the political neutrality if management and

utilized properly, cooperative could be the back bone for the economic development of the country it would have been the best very. Mobilize the scattered saving of the small farmers and labours and the country would have been moving towards a golden tomorrow walking on the way of cooperative movement.

Shrestha (Sherstha,1981) has studied the role of sajha society in Agricultural development with special reference to dhadhikot sajha society of Bhaktapur district. This sajha society covers Dhadhikot and sirutar VDC.

There are altogether 160 member farmers in the two panchayats only 25 percent of them are randomly selected for this study. So 20 member of each VDC has been taken in to consideration.

She concludes that the Majority of farmers were meeting their cultivation cost by taking loan through sajha. They borrowed from sajha for purpose of agricultural inputs, livestock, poultry and running cottage institutions. They usually didn't take lone from other institutions due to high rate of interest, beaucroatic system and demand for big amount of deposit. Most of the farmers were satisfied with sajha regarding the provision of agricultural input for their higher productivity. The manager of sajha and farmers both were interested in providing and having greater facility of consumers goods. Marketing and supplying and having agricultural tools and scientific equipments. But farmers were dissatisfied with irregular services rendered by JTA in that locality. Unavailability of different types of fertilizer at different time in sajha was the main problem of the farmers. Farmers and manager of the sajha society felt that agriculture, extension education and training were necessary for having better and higher yield from the land.

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

Another study was conducted by N.R.B (1984) in 1980/81 to evaluation the activities of sajha institutions and it was the fifth evaluation report of sajha institute. There were 532 sajha operating 30 districts of the kingdom. And as in previous years 20 percent has considered reasonable for this study. There, altogether 104 sajha (117 hill and 87 in the Terai) were selected.

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

Lamsal has evaluated the working of sajha sanstha in narayanpur village panchayat in chitwan district. He has taken only the member farmers of sajha of this panchyat randomly for study.

He finds that 68 percent of the sample farmers were taking credit through sajha but it wasn't sufficient for them. 92 percent of farmers were not satisfied with marketing services of sajha. So they didn't sell the society.

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

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

He concludes that it has become very much difficult to regain the people faith and good will not only in cooperative program but also in government plan and policies because of the failure of compulsory scheme. The present administrative system of cooperative, mainly in village and district level. Seems to be more politically oriented rather than economic consequently, cooperative enterprises have become less effective to regain the people faith and good will in government activities.

In 1974, as ASARRD conference to recognize that it was necessary to bring about suitable change in production structure since then. The small farmers development group have functioned exceeding well in both economic and social terms family income with substantial group saving have been generated and properly utilized for both social and economic needs of individual member group production plan have been made leading to the release by ADB/N of production credit loan repayment have been successfully launched democratically elected members to the government have promoted varieties of social activities including laterally classes improve drinking water system family pit latrine and family planning. To this list must be added intangible such as self-respect, sense of community and nation self-reliance, release of initiative and desire to think and plan months and even year ahead instead of day as before (FAO, 1974).

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

Likewise Krishna swami explain the cooperative in this way,” it is a voluntary and democratic association of human beings based on equality (of control and opportunity) and equity of distribution and mutuality for the promotion of their common interest meeting their needs but doesn't earn profit for itself as an independent economic unit, at their cost. Nor is it meant for earning profits from rendering service to others it is just organized for the benefits of its members; it is their organization. Therefore, cooperative business is different from other concerns which are owned and run for the personal profit of their owners by rendering services to others (Swami, 1978).

Cooperative has a particular approach to the problem of economic life with two germinal ideas, association and use. The significance of cooperative approach to economic life consists in its emphasis on social welfare. Cooperative approaches man as a whole never dissociated from the social and moral aspect. Thus cooperative thought has broken in the traditional social thought in which as F.H.Knight has observed individualism has been seriously overstressed to the neglect of the social side of mind of thinking and the appreciative moral life. Cooperative doesn't look upon man as an economic man of the classical school of economics in a cooperative association each member must have in view the welfare of the whole body of members forming the association as also of each of its constituents. This spirit is quite in contrast with that of the joint stock concern which ostensibly works on the motto each for himself. Here is an attitude of selfishness and spirit of competition and therefore of conflict with others carrying on similar business on the other hand the community work on the principle of each for all and for all (Hemoria and Sakesna).

The international labour organization (ILO) has taken the cooperative and cooperative as follows. ”cooperative in the widest sense means the union and the coordination of the resources and endeavors of each individual in a joint effort to achieve the results sought for by all. A cooperative society is an association of persons carrying in number who are grappling with the same economic difficulties and who voluntarily associated on a basis of equal rights and obligations, endeavour to solve those difficulties. Mainly by conducting at their own risk an undertaking to which they have transferred one or more or such of their economic functions as correspond to their common needs and by

utilizing their understanding in joint cooperative for their common material and moral benefit, (ILO cooperative,1956).

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

The present study will be prepare to ascertain the effectiveness of cooperative credit for agriculture development of the Tilotama Municipality nobody has get done this study. Hence this study will be endcavored in which the available literature will have a great help.

CHAPTER III

RESEARCH METHODOLOGY

Methodology is the main organ of the research. So methodology is necessary for the study to present it in better way. This chapter described the sources of data. Population of the study, sampling procedure data collection procedure and analysis techniques in detail interpretation of each sections in detail. The primary data took from the cooperatives member with the help of interview schedule.

3.1 Research Design

This study carried out on the basis of exploratory as well as descriptive research design because the study focused on to investigate the role of co-operative credit for agriculture development taking the advantages activities ,their participation and benefits from the credit utilization for the effectiveness work, moreover the study was find out the actual trend of investment of the credit output condition through utilization process in this regard it was an exploratory descriptive research

Besides the study analyzed the trends awareness, participation advantages group ,disadvantages group ,stake holder, experiences , size existing condition and investigated of explore finding described.

3.2 Rationale for Site Selection

Co-operative of the Tilotama Municipality selected for the study. The study area are Samuhik Bikash Bachat Tatha Rid Sahakari Sanstha Limited and Sana Kishan Krishi Sahakari Sanstha Limited have selected due to easy accessibility to the area; research familiarity of the area; and possibility of the mobilization of the available limited resources. Furthermore, there was no such study that carried out so far in the area. It is also multidimensional

3.3 Sources of Data Collection

As per the nature of the study, both qualitative and quantitative data used and therefore the research follow mixed research design.

The present study is based on both the primary and secondary data. Primary data obtained from field survey using questionnaire, observation and interview .The financial statement of Samuhik Bikash Bachat Tatha Rid Sahakari Sanstha Limited and Sana Kishan Krishi Sahakari Sanstha Limited.

For period of latest balance sheet answer as other important information are the main sources of data for the analysis for this study. Further publication and reports of cooperative department publications of cooperative training center, related journals and publication master's degree dissertations are also widely used for this study in this cause of primary data, questionnaires were proposed for member of the society to derive information regarding their attitudes toward the existing financial position and plans for the future.

3.4 Population and Sampling

All the members i.e. 5320 of the selected cooperatives are universe. Out of them 300 sample population take loan for agriculture among them hundred members are the sample of the study. They selected by using purposive sampling procedure.

3.5 Data Collection Techniques and Tools

Different methods of data collection are apply depending on the context and use of procedure. To generated the primary data, the structure questionnaire semi or unstructured interview and observation as well as check list methods were applied.

3.5.1 Household Survey Questionnaire

Structured questionnaire prepared to generate the realistic accurate data from survey of the cooperatives member. The respondents were request to fill up the questionnaire of the respondents.

3.5.2 Key Informant Interview

The primary data collected from key informant the semi or unstructured interview method. The interview took cross checking for data obtain from questionnaire.

The informants were interview on the role of the cooperative credit for agriculture development.

3.5.3 Observation

Cooperative organizations and members visited and observed. The photographs were show the pictorial representation of the actual ambient situation of the cooperative societies. So observation proved more fruitful and important tool to found and present the vivid real picture and condition of the area in the study.

3.6 Data Processing and Analysis

After collection of primary raw data tabulation worked out further supplemented by computer software. The computers software applied to the processing classification tabulation and analysis of data and information is in MS-WORD and MS-EXCEL.

CHAPTER IV

ANALYSIS AND INTERPRETATION OF SURVEY DATA

The purpose of this chapter is to study, evaluate and analyze the role of cooperative credit for agriculture development. With the concise information collected with questionnaire made and asked with the participants of the research following are the analyzed form of information which was found. Each and every information is supported by figure and brief explanation in each topic.

4.1 Profile of Cooperative

4.1.1 Sanakishan Krishi Sahakari Sanstha Limited

The transformation of SFDP into SFCL was a pioneer initiation. The need of a wholesale microfinance development bank was realized by the ADBL to continuously provide financial and non-financial services to these institutions, and also to supervise and build their institutional capacities. SFDB, the need for an apex institution was felt to deliver financial services in efficient ways. Owing to these necessities, SFDB was established with share investments of SFCLs, ADBL and two commercial banks.

SFDB has set itself as an exemplary model in the formation process by allowing representation of self-empowered institution of small farmers. This bank has been continuously fulfilling the credit needs of SFCLs and other partner cooperatives by mobilizing share capital, savings, and loans from commercial banks, development banks and financial institutions, funds from donor agencies and the resources provided by the GON. Along with this, it has also started republication programs to increase outreach, livestock insurance, social and community based programs and institutional capacity building program in coordination with the GON and other international supporting agencies. Till April 2014, the number of partner institutions of this bank has reached 418; among them are 345 SFCLs and 73 other microfinance institutions in 55 districts out of total 75 districts of Nepal.

Vision

A leading, financially viable and microfinance wholesale bank largely owned by SFCLs and similar rural MFIs, to substantially improve the quality of life of the rural poor.

Mission

The Bank's core business is wholesale financing to SFCLs and other rural MFIs, advocates and supports capacity building of these institutions in cooperation with partner.

Values

- Business and financial viability
- Political neutrality
- Committed to serve the rural poor
- Quality services to the customer
- Transparency in policies and operations

Objectives

- To provide wholesale credit and refinance facilities to SFCL and other Micro-finance institutions (MFIs) for lending to low income households.
- To monitor and supervise client MFIs' activities to ascertain adherence to prudential regulations.
- To provide technical assistance for institutional strengthening and capacity building of SFCLs and other MFIs.
- To pool-out resource from the government and donors for social mobilization and community development activities through client MFIs.
- To undertake republication program to expand microfinance services to the underserved and un-served areas, especially in the hills and mountains targeting Women, Dalits, Madhesis Janjatis, indigenous groups and other backward communities

- To provide technical and financial support to client MFIs to expand their business to potential microfinance clients.

Organizational Structure

General Assembly is the highest body of the bank. BOD hold operational and policy level decision-making authority. Under the BOD, an Audit Committee insures internal control and risk management of the bank. A chief Executive Officer manages the day-to-day administration and management of the bank. Different departments, sections and regional offices carry out day to day functions of the bank.

Ownership Structure

The ADBL, Nepal Bank Limited, NABIL Bank and 21 SFCLs were its initial promoters. The bank, established in 2001 for SFCLs, a major portion of invested share of the ADBL and other entire share holdings of the GON have been divested to 231 SFCLs. The bank has been completed the initial public offer (IPO) process.

The general public hold 30.2 percent, ADBL hold 21.96 percent, NBL hold 6.05 percent, NABIL Bank Ltd 3.03 percent, and SFCLs 38.76 percent shares out of total capital (Rs 230.682 millions).The ownership structure as of April, 2015.

Network of SFDB

Its central office is in Kathmandu, with 8 regional offices incorporating all geographical regions. To provides financial and technical services with convenience and ease. The regional offices at Birtamod for Mechi zone, Itahari for koshi zone, Janakpur for Janakpur and Sagarmatha zones, Hetauda for Narayani zone, Gajuri for Bagmati zone,

Butwal for Lumbini zone, Pokhara for Gandaki and Dhoulagiri zones and Nepalgunj for Rapti, Bheri, Karnali, Seti and Mahakali zones have been established. Regional office provides financial and technical services to SFCL and other microfinance institutions.

These two Microfinance Institutions namely Rural Micro-finance Development Centre (RMDC), established on 20 Oct 1998 (B.S. 2055 Kartik 13) and Sana Kisan Bikas Bank Ltd (SKBBL) established on 6 July 2001 (B.S. 2058 Ashadh 22) have been involved in

wholesale micro- financing activities. RMDC is providing wholesale lending to development banks, co-operatives, non governmental organization etc. and the SKBBL lends to Small Farmers Cooperatives Ltd (SFCL). RMDC, established under the joint share ownership of the NRB, commercial banks, microfinance development banks and Deposit and Credit Guarantee Corporation had paid-up capital of Rs 0.32 billion by mid July 2010. Similarly, the total borrowings and loans of RMDC stood at Rs 2.21 billion and Rs 1.92 billion respectively in the review period.

4.1.2 Samuhik Bikash Bachattatha Rid Sahakari Sanstha Limited

Samuhik Bikash Bachattatha Rid Sahakari Sanstha Limited is also known as Cooperative society for community development (saving and credit) Ltd. It is also the pioneer institution in Rupandhahi to provide saving and credit facility to local people It continuously provides financial and non-financial services to different institutions, and also to supervise and build their institutional capacities. SBBRSS, the need for an apex institution was felt to deliver financial services in efficient ways

SBBRSS has formation to make unity among the small amount investor in the Rupandhahi district itself and it also formation process by allowing representation of self-empowered institution of small farmers too. Along with this, it has also started republication programs to increase outreach, livestock insurance, social and community based programs and institutional capacity building program in coordination with the GON and other international supporting agencies. Till April 2014, the number of member of this institution is 4704 among it 2690 is female and 2014 is male.

Vision

With the established of norms and values of the cooperative it has enhanced to become the pioneer cooperative whilst enhancing the prosperity of its members.

Mission

The enhancing of socio-economic status of member of the institute and also provide the vocational training to increase the living standard of people.

Objectives

- To encourage saving, to those people having to low income households.
- To provide technical and financial support to client to expand their business to potential microfinance clients.
- To invest in the community which generated employment opportunity.
- To run the banking program which support the clients.
- To collect resource from the member and distributing among for social mobilization and community development activities in low interest rate.

Organizational Structure

General Assembly is the highest body of the organization. BOD hold operational and policy level decision-making authority. Under the BOD, an Audit Committee insures internal control and risk management of the organization. A chief Executive Officer manages the day-to- day administration and management of the organization. Different departments, sections and regional offices carry out day to day functions of the organization.

Ownership Structure

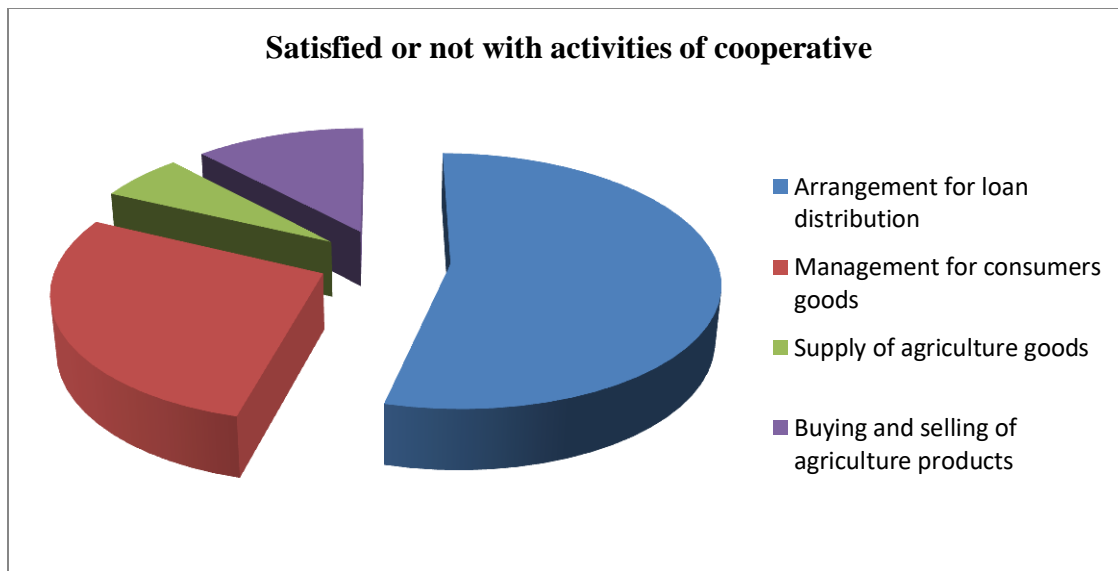
The Share capital of this organization is Rs. Eleven crore ninety-six lakhs twenty-eight thousand two hundred and ninety only (Rs 11,96,28,290.00). Along with this saving amount is ninety-five crore forty lakhs eighty-five thousand one hundred and thirty-eight only (Rs. 95,40,85,138.00). They have fixed asset with seventy-six lakhs twenty thousand six hundred and forty-three (Rs. 76,20,643.00) The ownership structure as of december, 2015/16.

4.2 Credit Flow Mechanisms

4.2.1 Satisfied or not with Activities of Co-operative

Activities performed by the cooperative for loan holder is the basic role of the cooperative people may have different perception regarding the activities of cooperative. Which has been presented below in pie-chart.

Figure 4.2.1: Satisfied or not with activities of cooperative



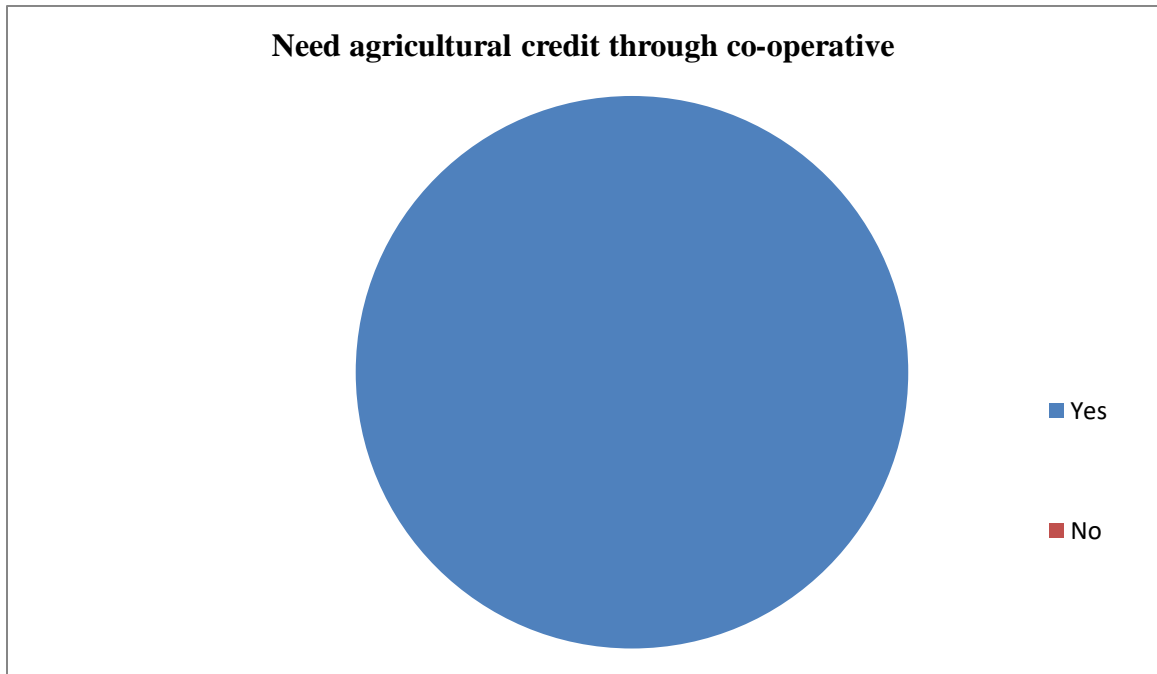
Source: Field Survey 2017

The above figure shows that the activities of cooperative fifty-four percentage respondents told that arrangement for loan, twenty-eight distribution percentage respondents told management for consumers goods, six percentage respondents told supply of agriculture goods and twelve percentage respondents told that buying and selling of agriculture products.

4.2.2 Need Agricultural Credit through Co-operative

Providing people who are in need of agricultural credit through role of cooperative. Therefore the perception of loan holder toward the cooperative which has presented below in pie chart.

Figure 4.2.2: Need agricultural credit through co-operative



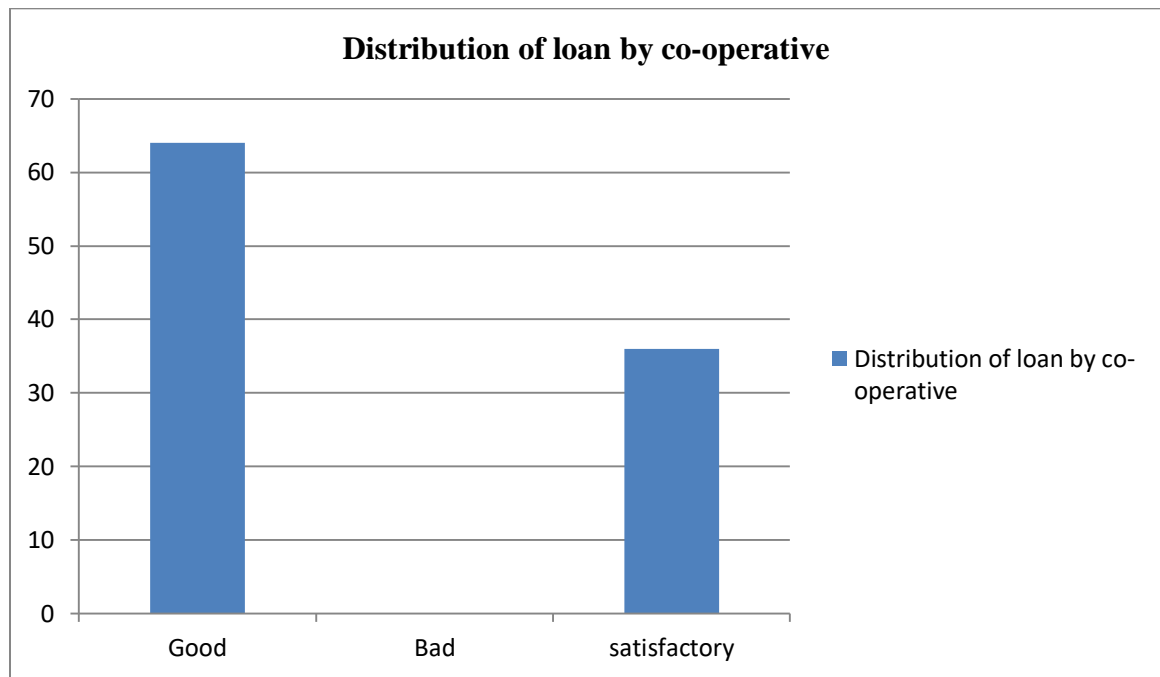
Source: Field Survey 2017

Thus, Hundred percent respondents were need of agricultural credit through cooperative.

4.2.3 Distribution of Loan by Co-operative

Distribution of loan by cooperative is the major role in enhancing the income level of the people. Therefore, the perception of loan holder towards the distribution of the loan through cooperative which has here presented below in bar diagram.

Figure 4.2.3: Distribution of Loan by Co-operative



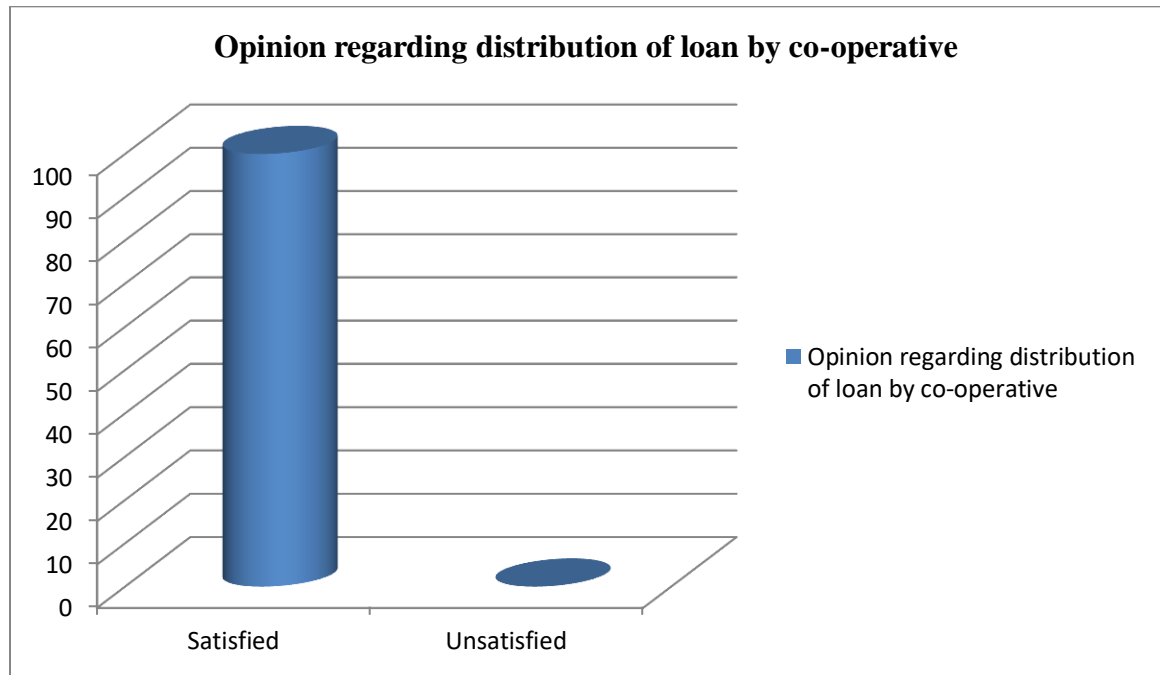
Source: Field Survey 2017

The above table depicts the distribution of loan provided by sixty-four percentage cooperative amongst the members. Significant in number of respondents took it as members. Significant number of respondents took it as good support whereas no one of them answered the service as bad. However, thirty-six percentage of respondents regarded the service of co-operative satisfactory.

4.2.4 Opinion Regarding Distribution of Loan by Co-operative

Distribution of loan is one of the major role of cooperatives in enhance income generate of people. Therefore, the perception of loan holders towards cooperative loan was collected which has here presented below in bar diagram.

Figure 4.2.4: Opinion regarding distribution of loan by co-operative



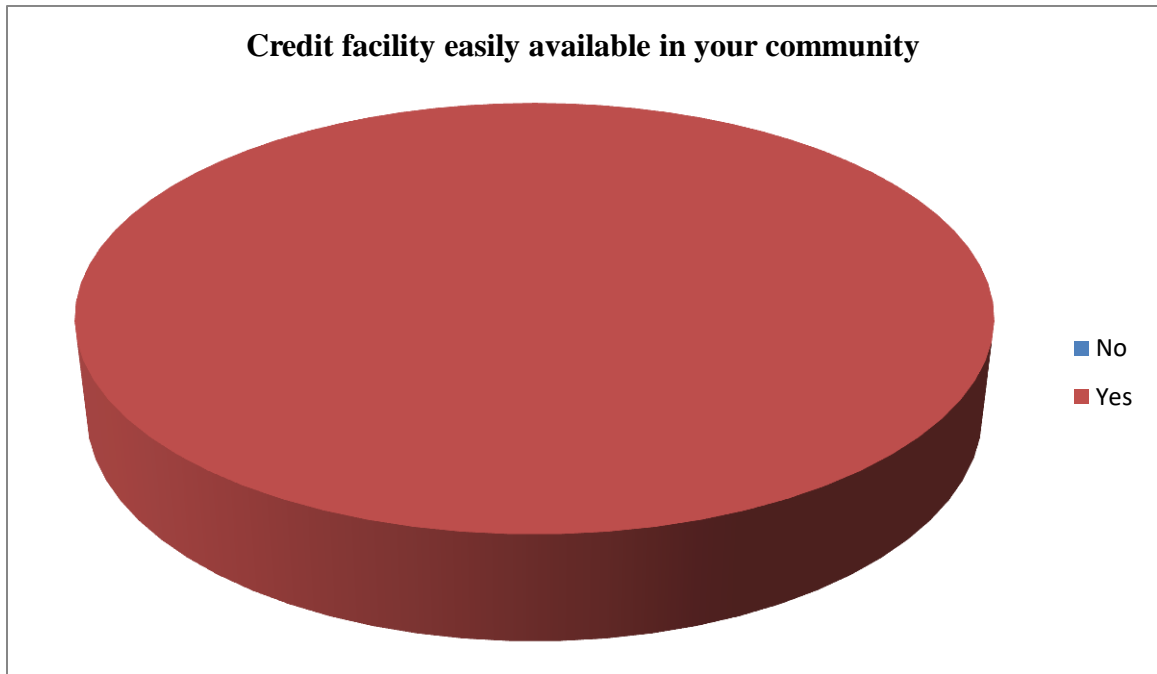
Source: Field Survey 2017

Thus, all the respondents were satisfied regarding distribution of loan by co-operative. Where, no one are unsatisfied regarding this.

4.2.5 Credit Facility Easily Available in Your Community

Providing credit facility to the people of the community through the cooperative is the credit flow mechanism. Therefore, I ask people about the availability of the loan in their community which were shown in the below pie-chart.

Figure 4.2.5: Credit facility easily available in your community



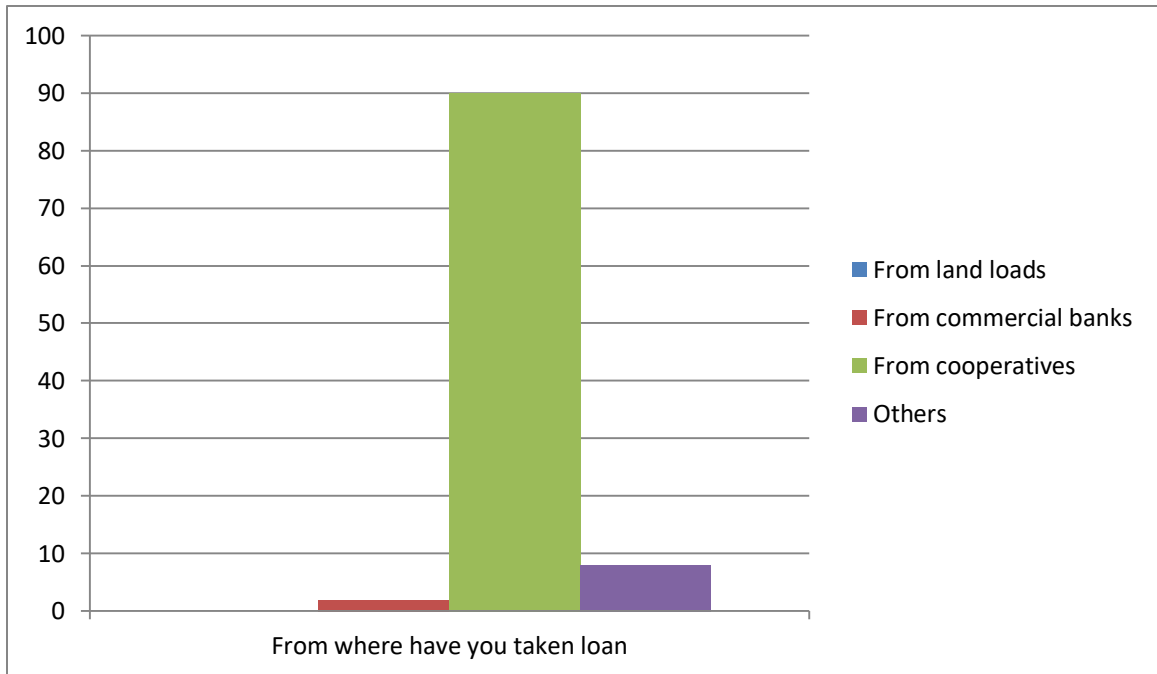
Source: Field Survey 2017

Thus, The figure reveals hundred percent respondents were told that the credit facility is easily available in their community.

4.2.6 From where have you taken Loan

The credit flow mechanism of these cooperative in the communities is providing loan to the local people. Therefore we ask people from where they take loan. Which is shown below in bar diagram.

Figure 4.2.6: From where have you taken loan



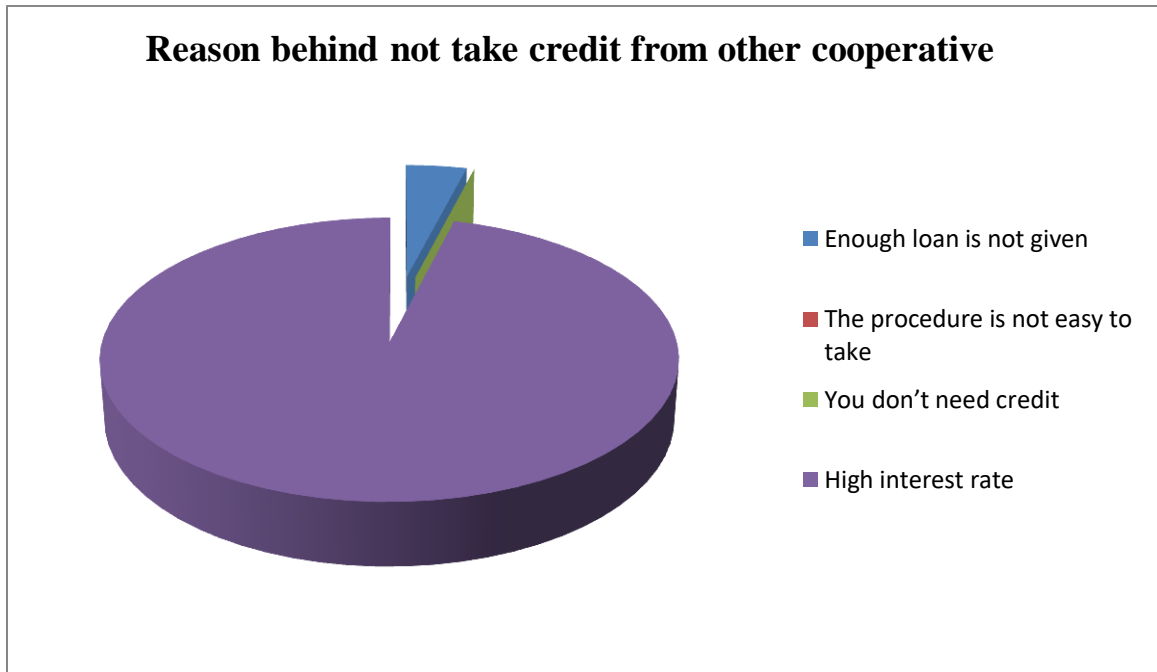
Source: Field Survey 2017

The above figure shows that ninety percent of respondents took loan from cooperatives and from commercial banks only two percent and eight percent of respondents had taken loan from other source where as no one took load from land loads.

4.2.7 Reason Behind not take Credit from other Cooperative

When we know that, many people take loan from cooperative only. Then we ask them that why they didn't take credit from other cooperative. The respondent response is mentioned below in the pie chart.

Figure 4.2.7: Reason behind not take credit from other cooperative



Source: Field Survey 2017

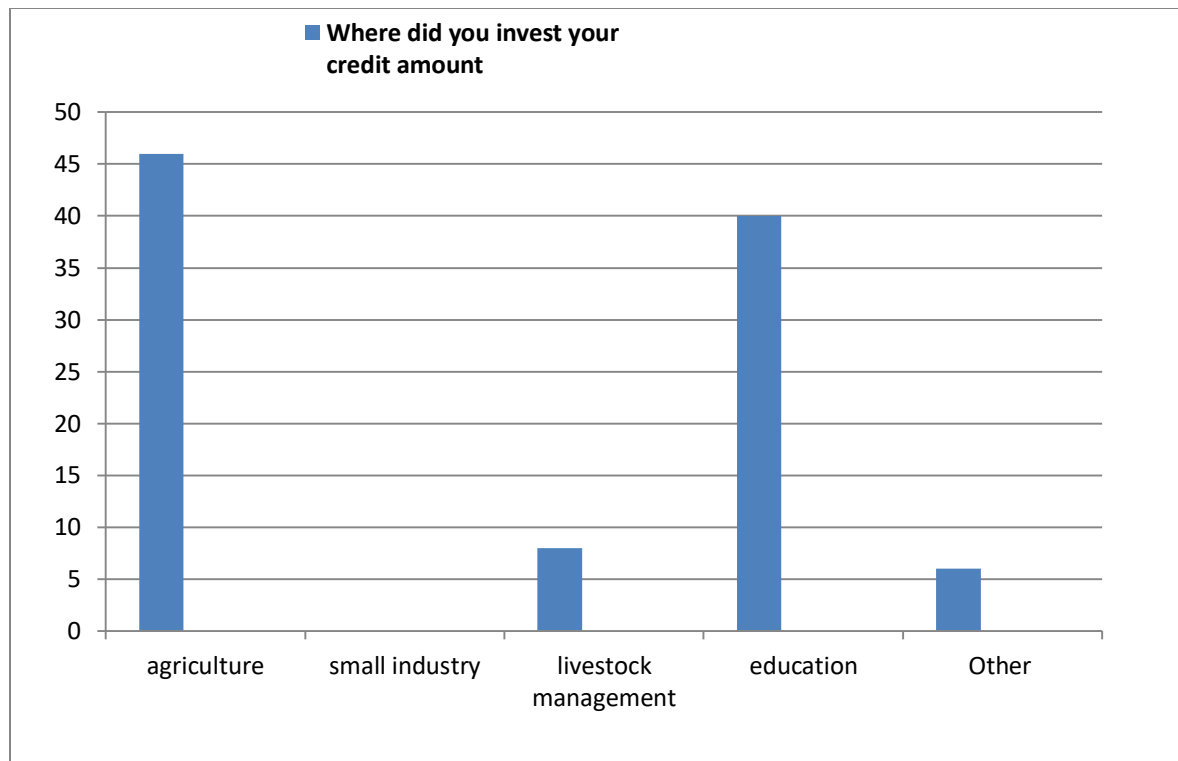
The above figure show that ninety-six percentage of respondents didn't take credit from other cooperative because of the high interest rate and poor percentage of respondents didn't take credit from other cooperative because of they didn't get enough loan.

4.3 Role of Cooperative

4.3.1 Where did they Invest your Credit Amount?

Impact of cooperative in the community is shown through the loan investment pattern by the loan holder. Therefore the impact of cooperative in loan investment is reveals below in bar diagram.

Figure 4.3.1: They invest their credit amount



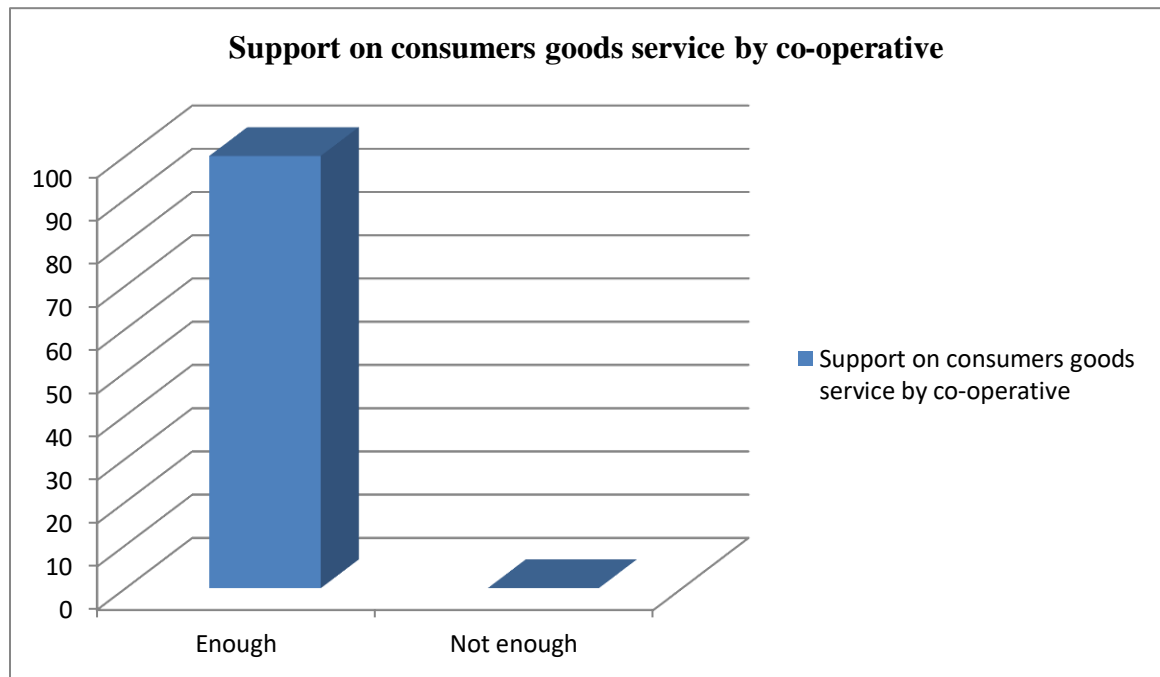
Source: Field Survey 2017

The above figure reveals that the invest credit amount forty-six percentage respondents told that in agriculture production, forty percentage in education, eight percentage in the livestock management, other in six percentage and no one invest in small industry.

4.3.2 View Regarding the Support on Consumers Goods Service by Co-operative

The perception regarding the support on consumers goods service by cooperative is the role of the cooperative in term by supporting consumers goods is depicts below in the bar diagram.

Figure 4.3.2: Your view regarding the support on consumers goods service by co-operative



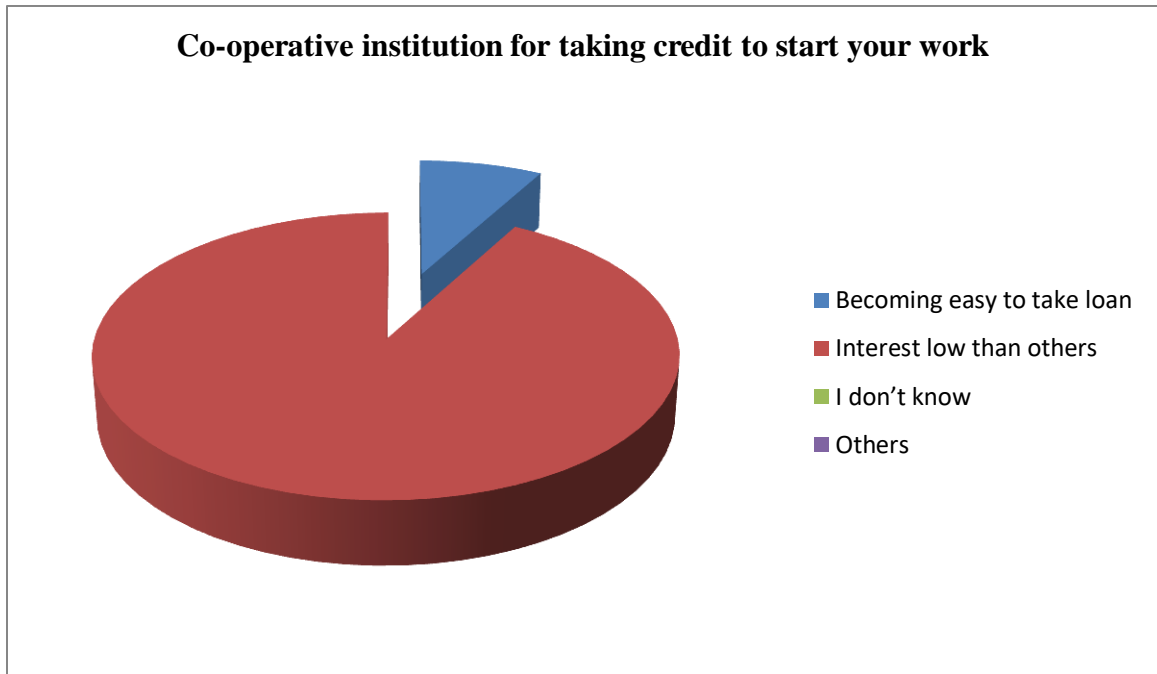
Source: Field Survey 2017

Thus, hundred percentage respondents were told enough in regarding the support on consumer's goods service by cooperative

4.3.3 You Choose Co-operative Institution for Taking Credit to Start Your Work

Facility after by the cooperative in the process of credit flow mechanism by the cooperatives institutions for taking credit to start their work is shown below in the pie-chart.

Figure 4.3.3: You choose co-operative institution for taking credit to start your work



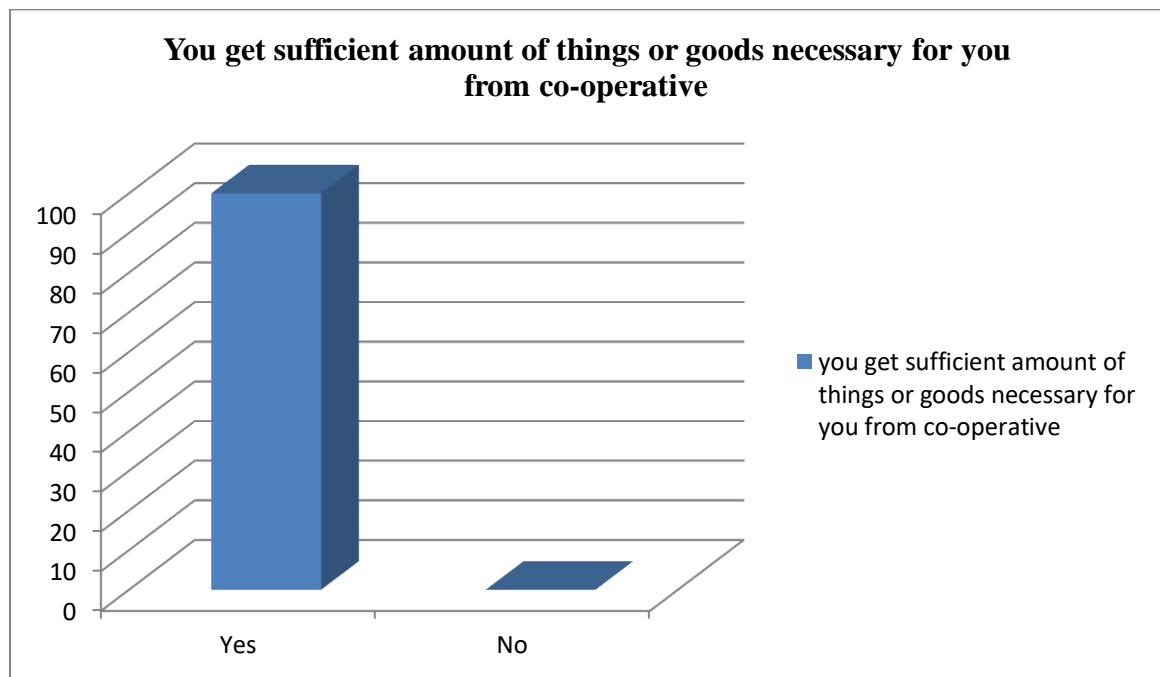
Source: Field Survey 2017

The above figure shows that the choose co-operative institution for taking credit to start work ninety-two percentage respondents told that interest rate is low than other and eight percentage respondents told that easy to take loan.

4.3.4 Get Sufficient Amount of Things or Goods Necessary for you from Co-operative

In the process of get sufficient amount of things or goods necessary for the loan holders from cooperative is one of the roles of cooperative. Therefore the perception of the loan holder is shown below in the bar diagram.

Figure 4.3.4: Could you get sufficient amount of things or goods necessary for you from co-operative



Source: Field Survey 2017

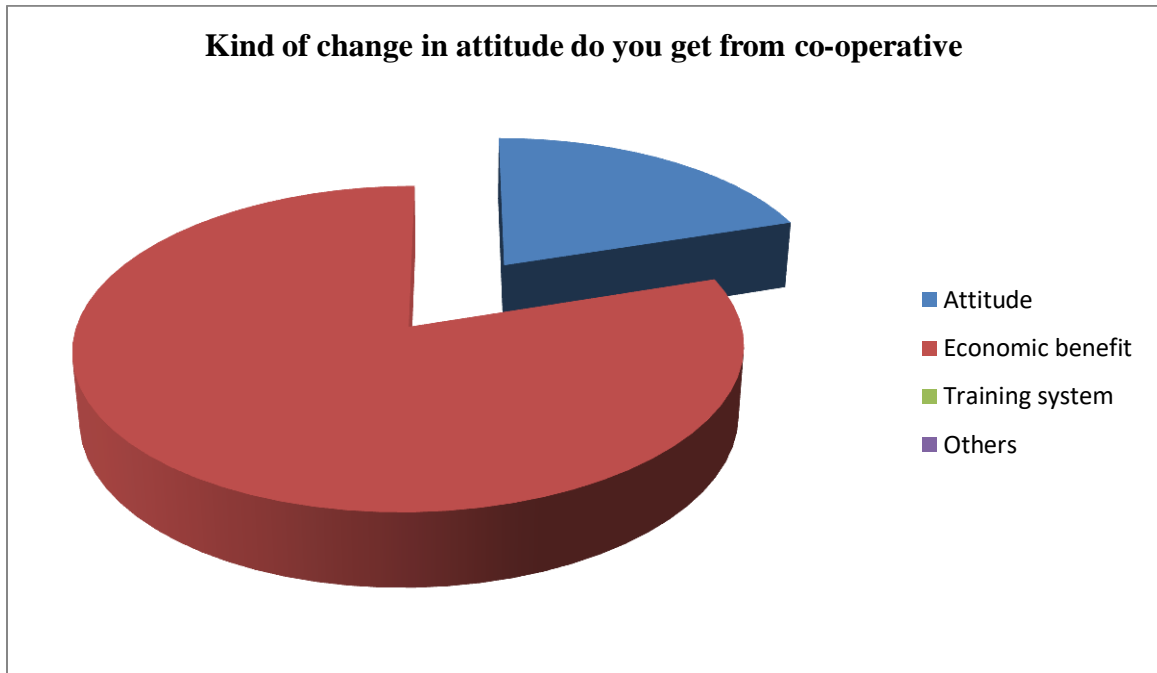
The above figure reveals that hundred percentage respondents were told yes they get sufficient amount of things or goods necessary for them from co-operative.

4.4 Impact of Cooperative

4.4.1 kind of Change in Attitude do you get from Co-operative

Impact of the cooperative to change the attitude which get from cooperative in term of loan holder and cooperative is shown below in the pie chart.

Figure 4.4.1: What kind of change in attitude do you get from co-operative



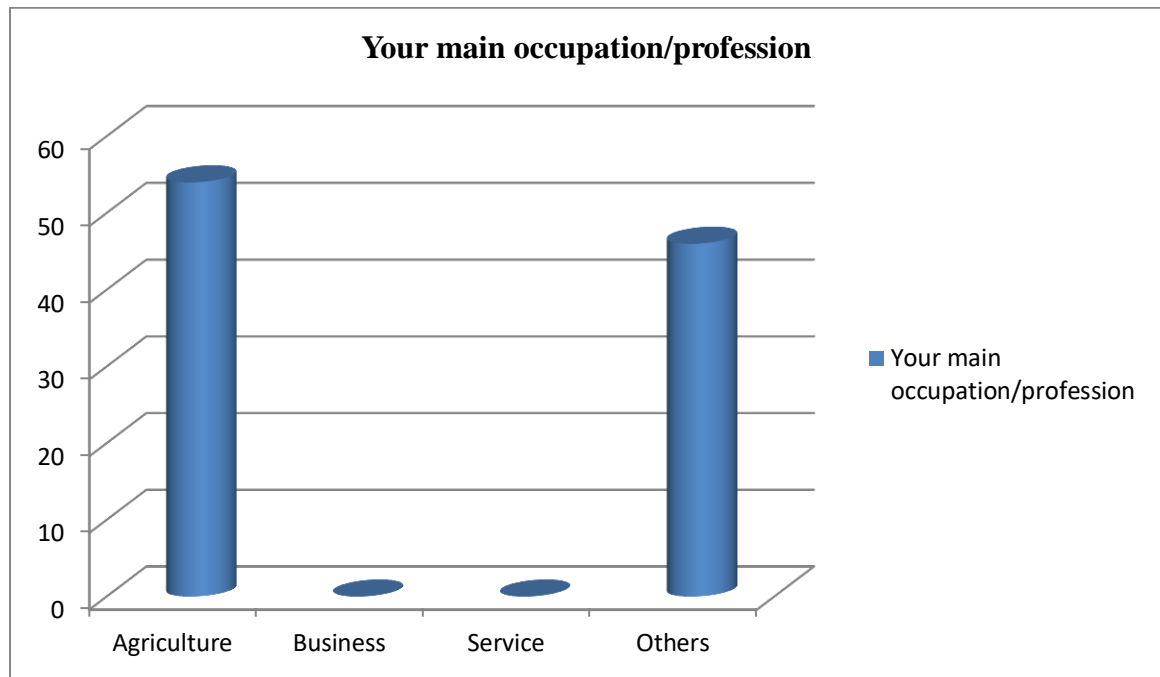
Source: Field Survey 2017

The above figure shows that economic benefit and attitude eighty and twenty percentage respondents respectively told that change in attitude do you get from co-operative

4.4.2 Your main Occupation/Profession

Those type of people who take loan from the cooperative for different propose. Those main occupation is shown below in bar-diagram.

Figure 4.4.2: Your main occupation/profession



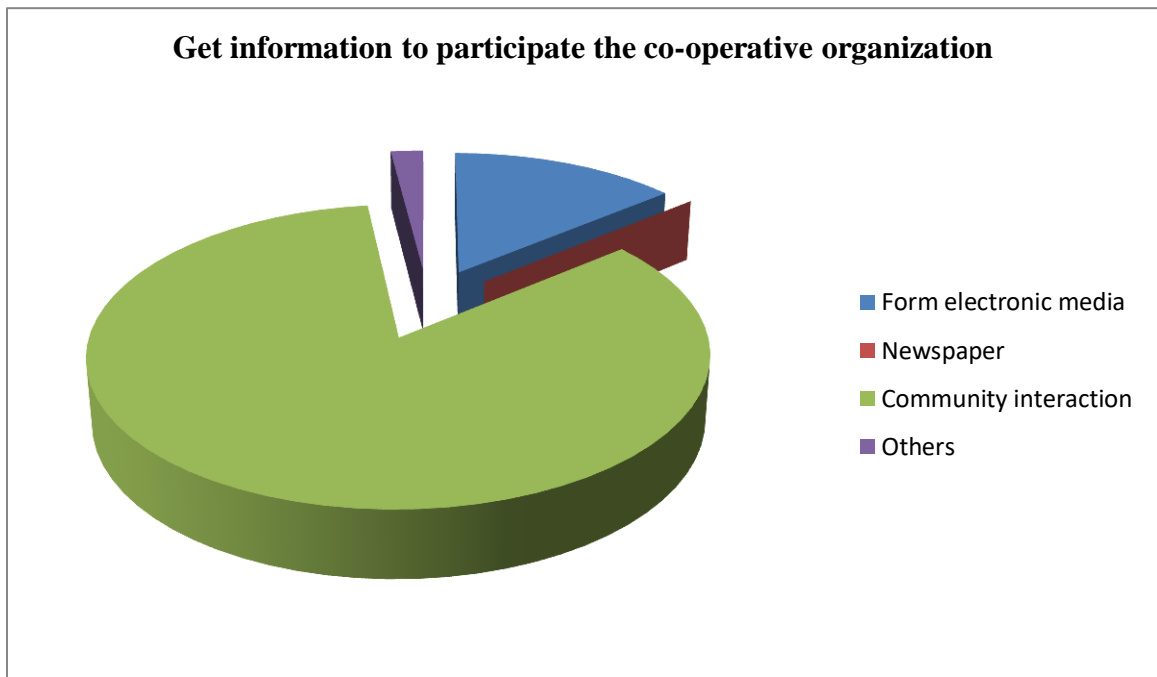
Source: Field Survey 2017

The above figure shows that the main occupation of the responded are fifty-four percentage respondents of agriculture, forty-six percentage respondents of other occupation and no one were from business and service sector.

4.4.3 Get Information to Participate the Co-operative Organization

The different types of communication media which is used to get information to participate the cooperative organization and make people socialized is shown below in the pre-chart.

Figure 4.4.3: Where did you get information to participate the co-operative organization



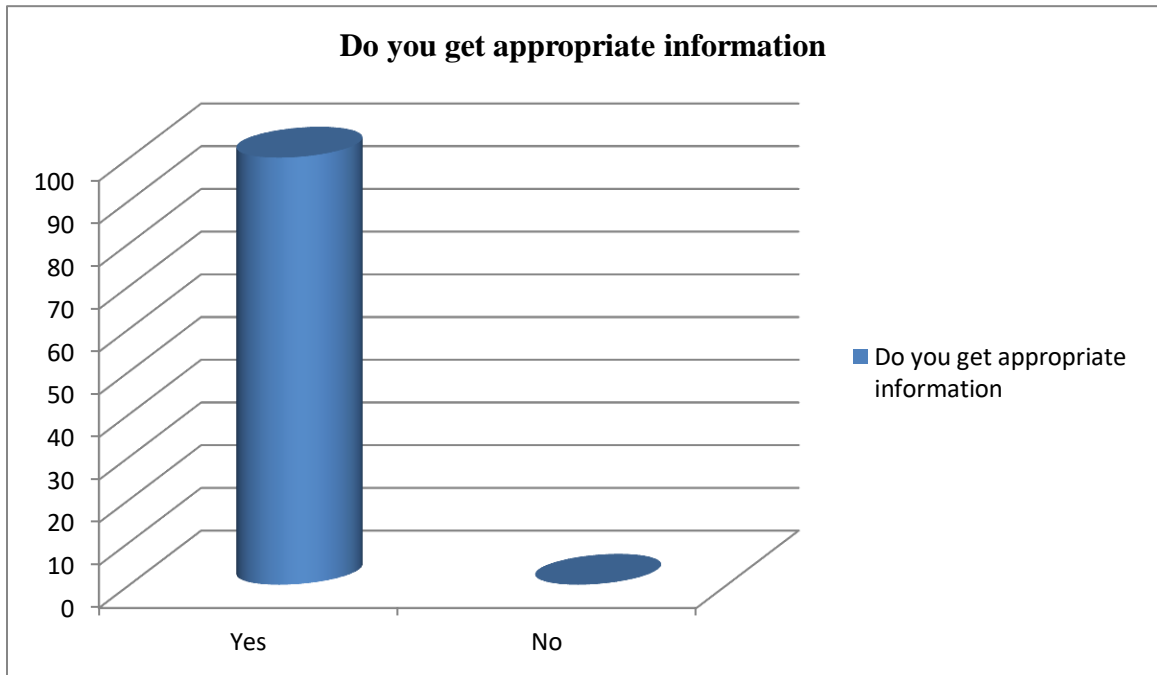
Source: Field Survey 2017

The above figure shows respondents get information to participate of the co-operative organization is eighty-four percentage respondents were told from community interaction, fourteen percentage respondents were told from electronic media and two percentage respondents were told from other and no one respondents were know from newspaper.

4.4.4 Get Appropriate Information for Investing Credit from the Co-operatives

The impact of the cooperative to choose the right path of the investing there credit for the better career by counseling and giving them appropriate information for their business is shown below in the bar-diagram.

Figure 4.4.4: Do you get appropriate information for investing credit from the co-operatives



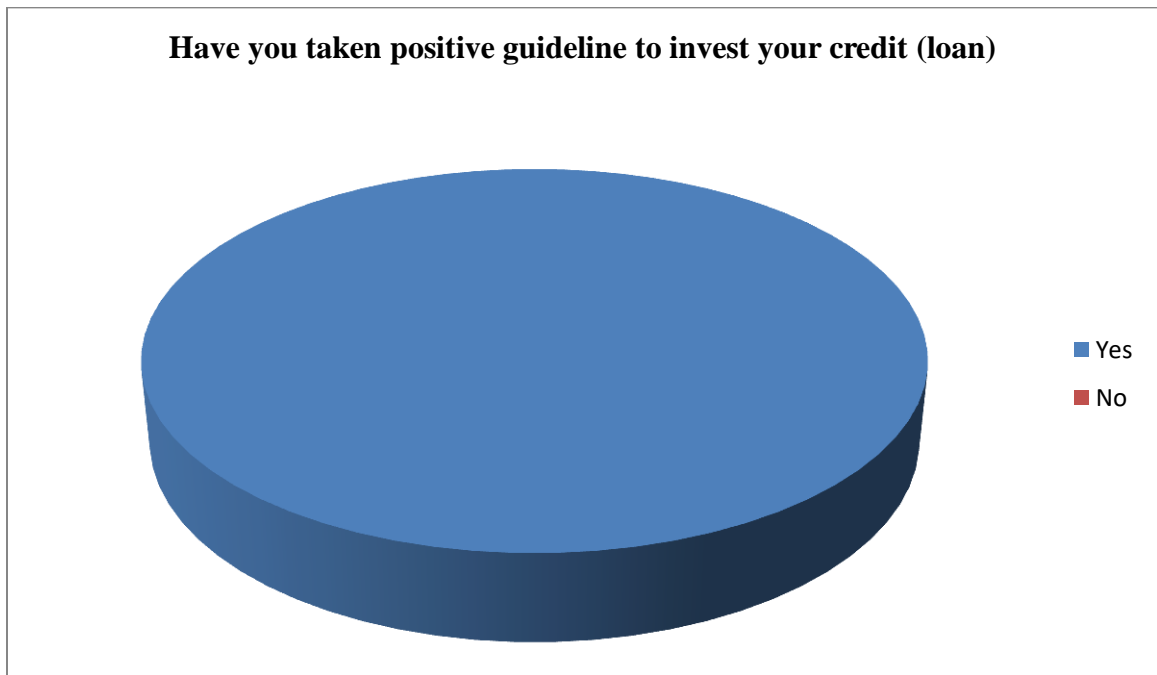
Source: Field Survey 2017

Thus, hundred percentage respondents were told get appropriate information for investing credit from the co-operatives

4.4.5 Get Positive Guideline to Invest your Credit (loan) from the Co-operative's Representative

The impact of cooperative by giving positive guideline by counseling the loan holders for their better business plan. Did people take those guidelines or not from cooperative is given below.

Figure 4.4.5: Get positive guideline to invest your credit (loan) from the co-operative's representative



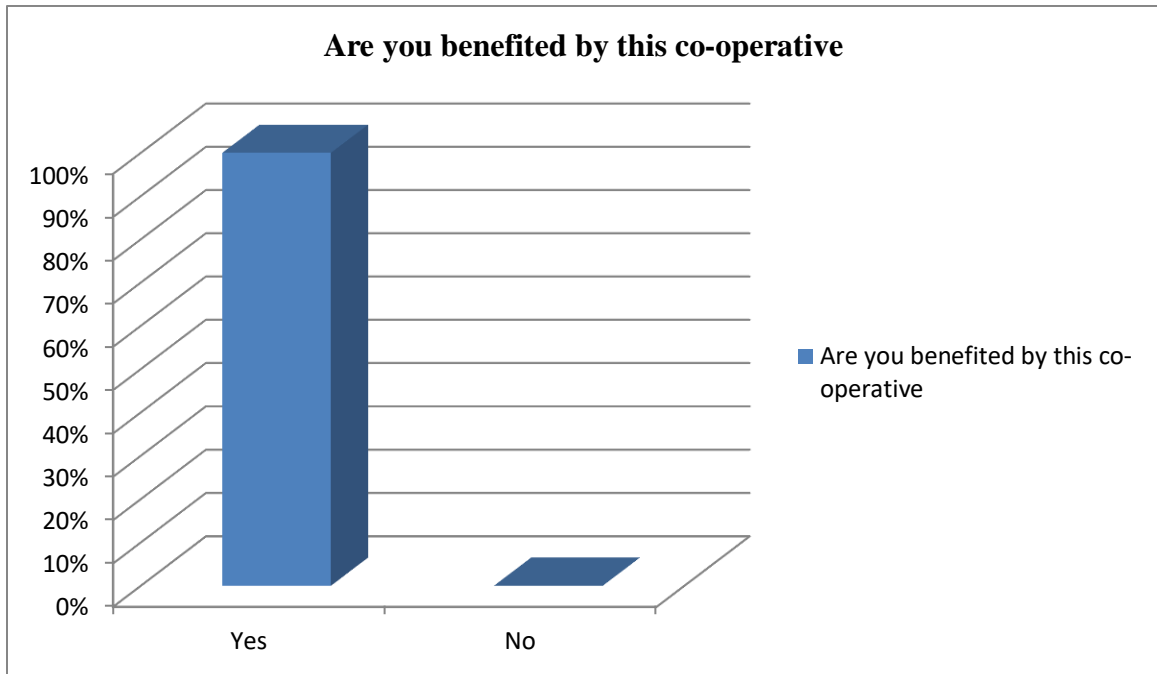
Source: Field Survey 2017

Thus, hundred percentage respondents were told that the taken positive guideline to invest your credit (loan) from the co-operative's representative.

4.4.6 Get Benefited by Co-operative

After the loan holder get a loan from the cooperative and the positive guidelines from the cooperative. What is the impact of the cooperative for the loan holder which is shown below in the bar diagram.

Figure 4.4.6: Are you benefited by this co-operative



Source: Field Survey 2017

Thus, hundred percentage respondents were benefited by this co-operative.

CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The present study has been under-taken to examine the role of cooperative credit for agriculture development. It is the case study of Tilotama Municipality of Rupandehi District. Out of all cooperatives only two cooperatives were the main study area. i.e. Sana Kishan Krishi Sahakari Sanstha Limited and Samuhik Bikash Bachat Tatha Rid Sahakari Santha Limited.

Major findings of the study have been summarized as:

Fifty-four percentage respondents told that they were satisfied with the arrangement for loan by the cooperatives. All the respondents were in need of agricultural credit through cooperative. Co-operative Sixty-four percentage respondents opined that the distribution of loan provided by co-operative was good. Significant number of respondents took it as good support whereas no one of them answered the service as bad. Thus, all the respondents were satisfied regarding distribution of loan by co-operative. All the respondents were told that the credit facility is easily available in their community. Ninety percent of respondents took loan from cooperatives whereas no one took load from land lords. Ninety-six percentage of respondents didn't take credit from other cooperatives because of the high interest rate and very few respondents didn't take credit from other cooperatives because they didn't get enough loan.

Regarding the invested credit amount forty-six percentage respondents told that they invested it in agriculture product, and no one invested it in small industry. All the respondents told that it was enough regarding the support on consumer's goods service by cooperative. Ninety-two percentage respondents told that interest rate is lower than other So, they chose co-operative institution for taking credit to start work however, eight percentage respondents told that it was easy to take loan. All the respondents agreed that

they could get sufficient amount of things or goods necessary for them from co-operatives.

Regarding the change in attitude cultivated from the cooperatives, eighty and twenty percentage respondents told that they got economic benefit and attitude cultivation respective from the cooperatives. The main occupation of the respondents was agriculture i.e. fifty-four percentage respondents were involved in it and no one was found from business and service sector. Similarly, respondents had got information to participate as cooperative member from community interaction Eighty-four percentage got information from community interaction, fourteen percentage respondents got it from electronic media and two percentage respondents got it from other sources. No one knew from newspaper. All the respondents told that they got appropriate information for investing credit from the co-operatives. They told that they got positive guidelines to invest their credit (loan) from the co-operative's representatives. Along with this, All the respondents were found to be benefited by this co-operatives.

5.2 Conclusion

This research was carried out to find out the role of cooperative credit for agriculture development. The study found out many positive roles of cooperative. It identified that peoples, who were in need of credit in Tilotama Municipality of Rupandehi district, were satisfied to get the platform for the credit. This platform provided them with credit arrangement and distribution of loan. They also felt that, they got good support through cooperatives. Additionally, people got facility of loan in easy way. Most of the people took loan from these two cooperatives because of low interest rate in compares to other cooperatives.

From the findings, it can be said that most of the people invest their loan in agriculture, They easily generate income by investing such money. Business persons and service holders do not take loan from such organization. It means that the cooperatives are really helpful for those who are in need of economic support for their livelihood. People got information to participants the cooperative through community interaction, so we should not advertisement in newspaper because no one knew from it. Also they got

appropriate information and guidelines for investing credit from the cooperative. Along with this they found that they were benefitted by these cooperatives.

So it is good for the local peoples if there is presence of cooperatives in their area which work in the field of agriculture because those peoples who are farmer they are poor in economic so they can be benefitted through the agriculture credit.

5.3 Recommendations

The study has identified some of the areas to be improved for its betterment. Some of the things to be improved are presented below.

- The products produced by the farmer should be managed by both of the cooperatives. Further more, they should also manage buying and selling.
- Agriculture loan supports in agricultural development, cooperatives should provide loan to the farmer continuously for the effective implementation of agricultural loan.
- It is recommended to continues the agriculture loan to the farmer as they are quite satisfied with their agricultural product.
- The cooperative should monitor and supervise to evaluate and identify whether the farmer is pseudo or real.
- Though the cooperative are capable of providing agriculture loan to it's the farmer it would be ever better and sustainable of they could provide the loan via development banks.
- Apart from agricultural loan, cooperatives should provide loan on low interest rate to the farmers so that they can establish small and cottage industry that can use agricultural raw materials.
- Behavior and economy of the cooperatives member were found to be improved through the facilities which were provided by the cooperatives. However, if we provided modern agricultural trainings the farmers' lifestyle will be highly improved.

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