

CHAPTER-I

INTRODUCTION

1.1 Background

A co-operative is a voluntary organization of person with limited means to safeguard their needs and interest. "Unity in diversity is the main motto of co-operatives societies." The philosophy behind co-operative movement is "all for each and each for all". A co-operative is defined by the International Co-operative Alliance's Statement on the Co-operative Identity as an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise. It is a business organization owned and operated by a group of individuals for their mutual benefit. A cooperative may also be defined as a business owned and controlled equally by the people who use its services or who works at it. There are different types of cooperative on the basis of working nature. Cooperation is a traditional culture in Nepal. Different formal and informal institutions were organized since centuries. Government of Nepal first registered "Bakhan" multipurpose cooperative during 2013 BS (1956 AD) nearly 55 years ago. It was then established to support rehabilitation of the flood victim. Then after; cooperatives passed through different stages and situation. Investment, capital formation and saving from cooperatives have supported the rural economic transition.

1. Legal, institutional and policy: Cooperative act 1991 and cooperative

Co-operative provides an opportunity for pooling financial resources of people of limited financial means together in order to achieve commonly identified development needs of their members. Co-operative constitute a revenue through which cheap credit is channeled to the rural areas and especially when it is supported by international donors and governments. (Huppi & Feder, 1990). Co-operative societies are a major part by which developmental activities are carried out in rural communities via individual member's participation. Financial cooperatives are described as a revenue for those without access to commercial banking services to gain access to financial services that may include savings deposit, productive credit, consumer credit and loan(Parajuli , 2011).

Co-operatives and micro-credit programmes have successfully contributed to lifting people out of poverty in many countries around the world. Micro-credit has

contributed to poverty reduction by generating income and employment, enabling children to attend.

Co-operatives is defined as an extremely small loan as small as given to impoverished people to help them become self-employed. Micro-credit was given to the poor Individuals for income-generating activities that will improve the borrowers' living standards.

The loans characteristics are, too small, short-term credit (a year or less), no collateral, required weekly repayment, poor borrower and mostly women who are not qualified for a conventional bank loan. Usually the loan pays high interest rates because of the high cost in running micro-credit program. Micro-credit is also used as the extension of very small loans to those who are in poverty that designed to spur entrepreneurship and help them out from poverty group. These individuals lack collateral, steady employment and verifiable credit history, which therefore, cannot even meet the most minimal qualifications to gain access to traditional credit . The Grameen Bank defined micro-credit as small loans given to the poor for undertaking self-employment projects that would generate income and enable them to provide for themselves and their families. The target population comprising women micro-enterprises from the low-income households and the loans have no collateral. school, families to receive medical care and by offering individuals the opportunity for taking the best possible decisions for themselves.

Saving and credit Co-operatives are financial institutions which can play significant role to develop Economic situation of the developing countries like Nepal. A Co-operative is an association of persons usually of limited means who have voluntarily joined together to achieve a common economic end through the information of a democratically controlled business organization, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking (Sharma, 2004).

Co-operatives, as economic enterprises and as self-help organizations, play a meaningful role in uplifting the socio-economic conditions of their members and their local communities. Over the years, cooperative enterprises have successfully operated locally-owned people-centered businesses while also serving as catalysts for social organization and unity. With their concern for their members and communities, they represent a model of economic enterprise that places high regard

for democratic and human values and respect for the environment. As the world today faces unstable financial systems, increased insecurity of food supply, growing inequality worldwide, rapid climate change and increased environmental Degradation, it is increasingly compelling to consider the model of economic Enterprise that cooperatives offer. The cooperative sector, especially in developing countries, also presents itself as an important element that can contribute to the realization of the Millennium Development Goals (MDGs) (Acharya, 2009). A dairy components business is owned, operated, and controlled by the dairy farmers who benefit from its services. Members finance the co-operative and share in profits it earns in proportion to the volume of milk they market through the co-operative. Dairy components are found everywhere in both developed and developing countries. In developing countries, it is one of the income sources of their rural economy whereas in developed countries it takes as a sustainable business. These countries face different types of problems. Developing countries focus on increase in production volume of milk and milk product, and developed countries do on enhancement of milk product, brand, and merger of dairy components(Sharma,2008).

However, micro-finance is defined as the provision of financial services to low-income clients, including consumers and the self- employed, who traditionally lack access to banking and related services (Gonzalez-Vega, 2008). Micro-finance is a place for the poor and near poor clients to get access to a high quality financial service, which include not just credit but also savings, insurance and fund transfer. According to Ledger wood (1999), micro-finance is a provision of a broad range of financial services such as savings, credit, insurance and payment services to the poor or low-income group who are excluded from the normal banking sectors Micro-finance is a development approach that provides financial as well as social intermediation. The financial intermediation includes the provision of savings, credit and insurance services, while social intermediation involves organizing citizens' groups to voice their aspirations and raise concerns for consideration by policy makers and develop their self-confidence (Robinson, 2002). Moreover, Conroy (2002) stated that microfinance is the provision of a broad range of financial services such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households and their MEs. The term evolved from the concepts of "micro-credit" and "micro-enterprise" financing, to include the importance of

savings as well as borrowing. Although the terms are used interchangeably, microfinance represents the field as a whole, while the other two terms are more technical and refer only to credit provision (Maria, 2004). The word “co-operative” is said to be derived from the Latin word “co and operative” which means working together for some common purpose. The word "co" means together and "operative" means to work. So, the etymological meaning of co-operative is working together in a group with common objective. Co-operative is a collectively owned institution established to further the well-being of its members. So, the co-operative is an autonomous and jointly owned and democratically controlled enterprise. People have different angles of vision about co-operatives, that co-operative is a form of voluntary organization for a joint organization of some work on equal terms and with common objectives. The co-operative is a form of organization engaged in economic activities and carries out management functions such as planning, organizing, controlling and evaluating. This form of organization has been growing in popularity in the sphere of economic activities, particularly among the economically weak members of the community who by definition can't protect their interests on an individual basis. Generally speaking, co-operation means living, thinking, and working together. In a technical sense; it denotes a special method of doing business. In its former sense, co-operation existed then the man himself, examples are not wanting of 'Reflexive' and 'Instinctive' co-operation in the animal world. Formations of social groups are the outcome of reflexive co-operation, while the life of ants, bees, wasps, loons, etc. provides the best example of instinctive co-operation. The practice of the principle of co-operation contributed to the development of human life. There are other biological and social factors.

Dairy components have been getting various opportunities as well as facing different challenges. They are going to formulate different types of strategic planning to cope with these challenges and to get success. Strategic plans of dairy co-operatives in developing countries are, generally to increase production volume of buffalo milk, bring about the internal improvement in cooperative societies, reduce cost of production, and provide quality service to consumers through skill, trained and educated manpower, and e-commerce. Strategic plans of developed countries are quite different from those of developing countries. Their strategic plans are to merge different dairy cooperative societies/ institutions into a dairy component, and compete in the global market with quality products. Dairy components are a very

popular business not only in developing countries but also in developed countries like the America, Germany etc. Developed countries focus on qualities of product but developing countries often focus on quantities/volume of production. Livestock farming is an important economic activity since the commencement of human civilization. In the early stage of civilization when agriculture was not properly known, cattle formed the principle property of the people. Thus, the history of dairy components is related with the history of civilization. Livestock farming being a major component of Nepalese farming system is becoming one of the important occupations in the rural area of Nepali is an integral part of Nepalese agriculture since these are used for labor (bullock) production, manure production, religious purpose and milk and meat production. Dairy farming has been helping the farmers to earn cash income to fulfill their basic needs, at the same time they can get manure as by-product and draft power for agricultural production. One of the other important aspects of dairy farming is to generate energy in household level for cooking and heating in terms of biogas, which is produced by decomposition of animal dung into an airtight digester. Major dairying animals in Nepal are cows and buffaloes. These are reared in Mountain, Hill and Terai regions of country whereas yaks are other dairy animals of sub Himalayan regions. Out of the total milk produced in Nepal, share of buffalo milk is higher, which is around 70 percent of the total milk production. A 20 years long Agricultural Prospective Plan (APP) has been effective in the country since 1997/98 which targets an annual growth rate in Agricultural Gross Domestic Production

An ILO Report defines a co-operation society “as an association of the economically weak who voluntarily was associating on the basis of equal rights and equal responsibility. Transfer to an undertaking on a several of their function. Corresponding to one or more of their economic needs, they are common to them all. But which each of them is unable fully to satisfy by their individual efforts to manage. use such undertakings in mutual collaboration to their common material and moral advantage. Such association has been tried in one form or another in production, consumption and distribution. Co-operative is business organization which is gained capitalized and managed by of and for its member’s patrons furnishing and/or making at cost goods and for service to patrons .Co-operative is a form of economic as well as social organization based on certain values. Co-operative effort's is ultimately the group instinct in man which enables him to live together, work together and help each

other in times of stress. Co-operatives are voluntary oriented and self-help organization. They aim at meeting the human needs through collective action without any exploitation. It is the voluntary and democratic association of human beings, based on equality (of control and opportunity) and equity of distribution and mutuality for the promotion of Common interests as producers or consumers. A cooperative is generally viewed as a socio-economic organization that can fulfill both social and economic objectives of its members, and that has its member's interests truly at heart (Singh, 1999). It directly serves its members interests by meeting their needs but doesn't earn profit for itself as an independent economic unit at their cost (Krishnaswami, 1978).

Small holder dairy sector is playing critical role in generating cash income in the hills of Nepal. In fact, government programme has pushed for crossbreed cows as dairy animals. Nevertheless, improved buffaloes are becoming popular among small farmers as dairy animals because of their adoptability to local feed resources and high milk fat content and salvage value especially in the hills of Nepal. Initially, smallholder diary farming was promoted through marketing arrangement of parasitical government organizations such as Dairy Development Co-operation (DDC) Nepal. These organizations have milk chilling and processing facilities and they have organized farmers groups or co-operatives to collect farmer's milk to be taken to chilling and then to processing centers. Nevertheless, these systems are presently, collecting hardly one-fourth of total marketable milk. Still a lot of milk is being cannoned through informal sector and now private dairies with their own chilling and processing plants are becoming common thing in Nepal. Producer's share in consumer price is lowest with the sales of milk to the parasitical organizations. The problem of smallholder diary in Nepal has been exacerbated due to the import of cheap powder milk and the government's lack of monitoring in assuring quality of pastured milk of consumption. The parasitical organizations, which are heavily subsidized with government or donor's aid money, could not contribute to dairy sector development to the extent they were expected to. Animal feed, breed, and marketing and processing and its policy are critical issues across in Nepal for promoting smallholder dairy in mixed mountain farming systems areas. Shortage of feed during the dry period and the winter is serious problem affecting the milk productivity of dairy animals. Commonly, breed is of local types and milk.

Sidingma saving and loan co-operative institution is located at Taplejung district Sidingwa Rural Municipality- 6 Mehele. It was established formally 2069 BS. Firstly it was established by 10 members. This institution purpose of people's socio-economic progress and peoples sustainable. Their easy to drive livelihood with the help of saving least money.

Geographically Sidingwa Rural Municipality (Taplejung) is remote area, unconvincing transportation, health, education, and infrastructure is not developed well but also Sidingma saving and loan co-operatives positive changed its goal. Now this co-operative involved members more than eight hundred and progressing socio-economic sectors. Mainly this institution invest money trade, animal livestock, agriculture, loan. At starting time members increasing share purchasing rupees in five hundred then after members were increased in number. Institution provide loan also its rules and regulation on the basis. Sidingma saving and loan co-operatives motivated peoples progress socio-economic sectors. It played vital role upgrade their life style. Members encouraged savings money and upgrade their economic status. It helped to economic crisis at present and future too. Sidingma saving and loan co-operatives is one of the most important institutions in Sidingwa rural municipality, Taplejung. It is collection money monthly by institution personnel.

It was established very far from Taplejung head quarter. Most of the people under poverty about 21.6 % (census 2068). The main purpose of this cooperative institution rural's people's target in rural development. Now, about 59 % people living in urban area and about 42% people are living in rural area after structured of Autonomy Nepal. This co-operative institution surrounded by Sirijungha Rural Municipality and Yangwarak Rural Municipality of Panchthar District and border of India. Peoples are suffering by many things such as; transportation, communication, drink water, health, electricity, education and other natural disaster. Main occupation of peoples agriculture such as cardamom, chilly, orange, ginger, paddy, potato, maize, millet and live stuck side cow, buffalo, goat, sheep etc. helped to their marketing and easy to livelihood. Many difficulties and challenges are coming but solving on time by saving money.

Taplejung district is remote area of the Nepal. It is surrounded by Panchthar, Tehrathum, China and India. Sidingwa Rural municipality is a far from district

headquarter. It is located about 70 k.m. far from Taplejung district. Sidingma saving and loan cooperatives ltd. was established on sidingwa rural municipality -6 Taplejung .having so many potential sectors and it is facing many problems like social backwardness and economically in poor conditions as a whole. So co-operative institution can play vital role to develop the productive area. The “Sidingma saving and loan co-operatives” is working as a providing loan and investing productive area such as trade, business, agriculture, live-stuck etc.

We often say that Nepal is developing country more than 83% of Nepali people live in rural area (census, 2068) although some people enjoy western standard, drive pardo, 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 21.6% people live the poverty line.(Census 2068 BS). Nepali people are bound to give up 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 sidingwa rural municipality people are still living in a poor condition? Why they are not able to join the main stream of national development?

Taplejung district is one of the least developed district of Nepal. Being social, religious, caste and ethics, economic, geographic diversity it has positive and negative aspect in rural development. 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.

Co-operative institution will play vital role in rural development. It can provide saving money and loan facilities. Through financial support and increase awareness Sidingma saving and loan co-operatives improve the life standard of rural people. It will be a successful weapon to make economic enhancement and establish the best financial also.

To achieve the goal of good governance, poverty reduction, democracy, equality and overall sustainable development, co-operative institution is one of the most important of third pillar economy policy. Without improve life standard of rural people the country(Nepal) cannot achieve its goal in total.

To achieve the target objectives, the following research question were used in the present case study for role co-operative institution in rural development.

1.3 Research Questions.

- i. What is the socio-economic impact of co-operative institution in trade and business?
- ii. What are the present and potential activities related with co-operative in trade and business?
- iii. How the co-operative can play the role in rural development ?

1.4 Objectives of the Study

The general objectives of this study is to analyze the present role of co-operative activities to rural development in trade and business activities.

- i. To analyze the socio-economic impact of co-operative in the trade and business area.
- ii. To find out the potential activities related to co-operative.
- iii. To examine the role of cooperative in rural development.

1.5 Significance of the Study

The importance of co-operative program is increasing day by day as a basis of rural development. As a source of capital formation, saving money and loan providing facilities co-operative can play a vital role in rural development. It is also contribution to create employment opportunity. 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, policy maker, and other concerned agencies about the co-operative 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;

- i. The study explores the major problem of cooperative development in rural area.
- ii. The study seeks to answer about why co-operative is necessary in the trade and business area.
- iii. The research find out the potential co-operative activities in the trade and business area.
- iv. The research examines the socio-economic activities and life standard in the trade and business area.
- v. The research also helpful to compare co-operative activities and rural development.

This study is mostly concerned about the co-operative activities and its role in rural development process. The study can be helpful for rural people, policy maker, planner, and government and NGO/INGO who are concerned with co-operative development activities. Therefore the research works in this topic concern with the subject in role of co-operative in rural development. This study will be helpful to find out their relevant area for developing co-operative institution and activities.

1.6 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;

- i. The study will be concentrates to the Sidingma saving and loan co-operatives of Sidingwa Rural Municipality - 6 Mehele only.
- ii. Both primary and secondary source of data will be used in the trade and business.
- iii. There is limited budget and time schedule.
- iv. The study will be concerned only about the subject matter of co-operative and rural development activities.

CHAPTER-II

LITERATURE REVIEW

2.1 National Context

MoF (2015/16) shows that economic growth of the country (at the basic price) is estimated to remain at 0.77 percent in FY 2015/16. GDP recorded a growth of 2.32 percent growth rate in the previous fiscal year. The economic growth rate in FY 2001/02 has recorded 0.16 percent, which once again went below 1 percent in current fiscal year for the second time. The economic growth rate shrank owing to negative production rate of mines and quarrying, industry, electricity, gas and water, construction, wholesale and retail trade, hotel and restaurant sector and the low growth in agriculture sector that occupies one-third proportion of GDP.

Bhattarai (2010) raised the major problems faced by Nepalese co-operatives due to political interference of the state, lack of specific policy, unscientific planning, lack of awareness of people toward co-operative unable to withstand competition with other banks and financial institutions, supervisory and regulatory problems. The study suggested formulating flexible acts and policies and providing skill development training by improving regular supervision and evaluation system so that anyone can enjoy with the service of co-operative.

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

Thakuri (2010) in his book “ An anatomy of co-operative movement in Nepal” explains that co-operative are community organization delineated to support the group business of farmers, workers, artisans, landless, low income group and

unemployed or social Workers to protect the interest of community people. The study also highlighted co-operative having great prospects for the development of Nepal.

Bastola (2008) has explained that co-operatives not only generate income to its members but also take overall responsibility of all the members. In Nepal, multipurpose co-operative are in practice which inspires the villagers for modern agriculture system, to grow up seasonal vegetables and professional animal husbandry. It promotes the product in the market and sale them in the reasonable price.

Besides this, co-operative is working for social welfare also. It is acting for the development of leadership skills of the women in education, providing health service through health campaign and other skill-oriented training is also arranged for rural women. Thus, co-operative organizations are actively participating for bringing revolutionary change in the life of the rural women. Acharya (2007) has mentioned that co-operatives are crucial to the economically poor and exploited people. More than 80% people of Nepal live in rural area which don't have proper and reliable source of income. In such country, co-operative is the means to motivate the people to work together for their common benefit. It encourages the people for compulsory saving and takes the responsibility of mobilizing that small saving in productive sector. Co-operative helps to develop the feeling of co-ordination among the people, mutual help for self- help and aids to increase the national GDP, per capita income and ultimately support for national development. Aryal (2014) studied that access to the impact of MF program in women empowerment by using primary information and tested with the help of different tools. His study revealed that the impact of microfinance services to the involved rural poor people and their household income has moved in the expected direction. Finally, he concluded that the MFPs have playing positive role to improve the status of rural women in the society. It means MFPs has encouraging, supporting and facilitating rural women to improve their status. Badal (2012) in his interview said that after two decades of liberal economy, the international community has realized that it cannot bring long lasting Economic solutions in the world. In this context, co-operatives have provided the basis for the shift from liberal to mixed economy. Knowing the importance of co-operatives as away for the future economy, the United Nations has also celebrated the year 2012 as

a year of the co-operatives. One of the aims of the year was to make the world happier through the co-operatives. The theme of the year is co-operative as enterprises for the better world. The UN has urged the government around the world to make co-operative friendly legislations and create conducive environment for these organizations. Co-operatives are essential for world peace, prosperity and social justice. This is the reason even the International Cooperative Federation has pushed the related UN agenda. Nepal government has also celebrated the international year of Cooperatives. Despite certain criticism about the activities, a majority of cooperatives have been working properly. A few bad incidents travel like fire but the good ones rarely make the news. The cooperatives, which have been in recent controversies, do not have anything to do with us. Co-operatives have been making a lot of efforts to transform the livelihood of people. Their contributions and their role are very important. Mishra (2013) in his article examined that past initiatives for the cooperative movement in Nepal have not shown much impact on the overall food self-sufficiency, agricultural commercialization and socio-economic transformation of the nation. A scientific farmer co-operative movement that empowers farmers, commercializes agriculture, enhances food security, transforms socio-economic conditions and contributes to rural development in Nepal is necessary. A renewed and revitalized cooperative movement should be all inclusive, fully managed at the grassroots level and must have strong governmental support in terms of cooperative formation and safeguarding. Appropriate educational, research and extension support programs are essential for a successful cooperative movement. Farmers' income and quality of life must be the yardstick of success of the cooperative movement in Nepal. In the final report of First National Co-operative Congress (FNCC) organized by NCF/N (2014) has written the speech delivered by Finance Minister Dr. Ram Sharan Mahat, "Co-operatives stand among the low income group of people. They are enterprises of rural income holders with common interest. Unity and upliftment of cooperative economy are two major objectives focusing on a main goal of "one for all and all for one." In the final report of First National Co-operative Congress (FNCC) organized by NCF/N (2014) has written the speech delivered by ICA president Dame Poulaine Green "Through co-operative, we can make the world better place to live." With the statement of ICA President, we can explain that for the better place to live in earth, co-operatives are essential. Through the values and principles of co-operative, we can make the world better place for live. In the final report of First

National Co-operative Congress (FNCC) organized by NCF/N (2014) has written the speech delivered by former Prime Minister and NCF/N Adviser Dr. Babu Ram Bhattarai, “ co-operatives are found to have been limited and they must be accessible to the women and backward classes. To enhance social and economic development model, the Nepalese cooperative sector must keep close contact.”Nepal Co-operative sector which is one of the most important pillars of the Nepalese economy will be encouraged for mobilization in the activities of employment generation, increasing income and alleviating poverty in the rural areas. A provision of concessional loan and capital grant will be made for the co-operative societies, farmers associated with co-operatives and groups of entrepreneurs in order to implement the activities like agriculture and livestock, production of fruits and vegetables, processing of agro products, construction of cold stores, small and medium industries and promotion of agro markets. (MoF,2015)Neupane (2006) has explained that co-operative can play vital role in the Nepalese economy through they have very poor contribution in the economy at present. If management and business operation capabilities are improved, there could be better prospects for the co-operatives. Successful co-operative enterprises can generate higher prospects of employment, economic surplus which leads to poverty alleviation. In his study, it is also suggested that there Should be an honest leadership value based professional management, which could capitalize the interests of co-operative to a success in large scale. K.C (2003) tried to analyze the present financial position and prospect of financial co-operatives. She also analyzed the investment and lending practices of financial co-operative in Nepal. She based the financial and statistical tools are for analysis of data under financial tools, liquidity ratio, assets management ratio, debt management ratio, profitability ratios are used. Statistical tools means co-efficient of variation and least square which are used in her thesis for analyzing the data. Her findings are current ratio, loan and total deposit ratio, return of total assets, return on total deposit, total interest paid to total deposit ratio of selected financial co-operatives of Nepal are unsatisfactory. The financial co-operatives are going to face the problem of further disbursement of credit in comparison to invest on agriculture sector. There is lack of efficient and skilled manpower to run the financial co-operatives. Pokharel (2011) studied in his article that a quantitative analysis of the living standard of people before and after the credit of microfinance co-operatives of Nepal. A case study of mid-western region is analyzed the performance of microfinance institutions in his thesis. The estimated

value indicates that if credit amount increases by one unit, change in income after credit increases by 0.054315 units. It means that if share of the credit of client is high, it facilitates to increase income, income gives rise to demand for goods and services, demand gives rise to expenditure, which in turn help to keep up the living standard of client by increasing everyday expenditure in various sector of consumption such as food, clothing, sanitation, health schooling of children etc. Bhattra (2014) has examined that co-operative are regarded as an engine of economic growth of rural areas of the country. Such an organization plays a vital role for rural development. Many developed and developing countries have adopted the co-operative system in production, processing, marketing and caring not only the members but also have greater impacts on their communities as a whole. Therefore, considering the importance of rural Organization, most of the government has mobilized co-operative system for rural development ending on domestic, social and economic situation.

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

Lama (2014) in his thesis explained that members feel BWAC have made a significant impact in their social and economic living condition. The members responded that after joining in BWAC, their dependence on traditional money lender has decreased. Awareness with respect to many social and economic factors has reportedly increased after participation in BWAC. The economic and social condition of member has improved after being a member in BWAC. There are strong indicators that suggest attitudinal change in the members.

Bhatta (2008) has undertaken a study that main objective was to examine the relationship between financial sector development and economic growth and to examine the relationship development and economic growth, and to examine the

relationship development and poverty reduction. For analysis the data, he used simple statistical and mathematical tools. Graphs, ratio, percentage and tables are used to explain this relationship. This research finding was a strong and stable financial sector is necessary for economic development of the country. Nepalese financial system has witnessed a significant change over the last two decades. Not only has the number of financial deeping front as well. One of the silent features of the Nepalese financial development is the considerable participation of the private sector which is necessary to enhance the efficiency and competition. Over the year, the expanded financial deeping. Access to the formal financial system has increased. This study's conclusion and recommendation of this research was to develop a sound financial system, prudential regulation and effective supervision in crucial. Prudential regulations Comprising of capital adequacy requirement, corporate governance and market discipline. It can be acquired through improve in transparency and improved information system. A competitive integrated, efficient and properly regulated and supervised banking system would mobilize and allocate resources to support the growth of private sector.

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

K.C (2012) has stated that cooperative program uplift the socio-economic condition of rural as well as urban women through access of financial service and other development services and there by alleviate poverty through women empowerment. The main aim of any cooperative is to increase management capacity of the member, and, ultimately improve the economic position of the shareholders through income generating projects and sustainable agriculture practices.

UNFAO (2010) has explained that cooperative federation of Nepal is the apex body of cooperative movement in Nepal. It launches several activities mostly in the areas of training i.e Co-operative Training, Leadership Development Training, Capacity Building Training, Member Awareness Campaigning, Agriculture Marketing Training, Product Diversification on Agro Products, Success Case Replication etc. Likewise, the products also develops model of cooperatives, support to women cooperatives, Distribute seed money for the expansion of agriculture business related to production and marketing.

Poudel (2011) has concluded that cooperatives provide access to micro finance to rural people, accelerate agricultural production and ultimately empower rural people including women. The access of rural people to financial services will be increase by development of a network of bank and financial institutions, cooperatives and micro-credit institutions. Cooperative supports to achieve the national target of poverty alleviation and millennium development goal (MDGs). Cooperative will be restructured and reformed so that it could play co-ordinator's role in rural development. As women empowerment is one of the determinant factors of rural development. Cooperatives can be effective means of empowering women. Cooperative can be defined as a "jointly owned enterprise engaging in the production or distribution of goods or the supplying of services, operated by its members for their mutual benefit. It is typically organized by consumers or farmers. Cooperatives have social goals which they aim to accomplish by investing a proportion of trading profit back into their communities. A cooperative is a legal entity owned and democratically controlled by its members and members often have a close association with the enterprises as producer or consumers of its products or services or as its employees (Wikipedia, 2014).

The objectives of cooperative are generally related to the welfare of members. It always tries to develop the economic, social and mental empowerment of members. Cooperatives are based on the value of self-help, mutual help, self-responsibility, democracy, equality and solidarity value of honesty, owner, social responsibility and caring of others. Co-operatives are community based, rooted in democracy, flexible and have participatory involvement which makes them well suited for economic development. The process of developing and promoting community spirit, identity and social organization as co-operatives play an important role in poverty reduction, facilitating job creation, economic growth and social development. In tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring of others.

Badal (2007) claims that co-operative is form which is owned, controlled and operated by a group of users for their own benefit. Each member contributes equity capital and shares in the control of the firm on the basis of one member, one vote principle and not in proportion to his or her equity contribution (Sahakari Siddhanta Ra Prayog, 2007).

The Rochdale Society of Equitable Pioneer is usually considered the first successful co-operative enterprises which founded in 1844. It is used as a model for modern co-ops, following the „Rochdale Principles“. A group of 28 weavers and other art is an in Rochdale England setup the society too pen store selling food items they couldn't otherwise afford. There were over 1000 co-operative societies in the United Kingdom within 10years.

Acharya (2006) stated that co-operative has been playing vital role in many developed and developing countries in production, processing, marketing and caring not only their members but also making greater impact to their communities as a whole.

MoF (2009/10) stated that co-operative policy of Nepal revealed that co-operative system has great potentiality to provide impacts to economic and social development efforts by bringing change in the living standard of the general public. This is only possible by bringing the suitable change in the society through establishing co-operatives. People can achieve self -dependency and self- responsibility by utilizing their limited sources and skills being involved in co-operative. Co-operative can

contribute largely in poverty alleviation being involved in employment generation activities. Various directives and standard for the registration and continuation of co-operative institution have been issued for the co-operative department through which number of activities is being carried out for the quality growth and efficiency.

After the restoration of democracy in 1990, New Co-operative Act, 1991 and New Co-operative Rules, 1992 are promulgated providing autonomy to the co-operative Sector in real sense. There emerged conclusion in registering new co-operatives and managing old ones in terms of new provision. Most of the co-operatives registered were agriculture in types with the hope of selling chemical fertilizers supplied by the government imported from different countries. There are so many types of co-operative in practice in Nepal. The experience of Grameen Bank in Bangladesh is particularly important because it focus on the rural poor, the landless and other small artisans to help in their credit operation through small group operation.

The International Co-operative Alliance was the first international association formed by the co-operative movement. It includes the world council of credit unions. A second organization was formed later in Germany, the International Raiffeisen Union. The National Co-operative Business Association (NCBA) serves as the sector's oldest national membership association in United States. In 2012, the turnover of the largest 300 co-operatives in the world reaches \$ 2.2trillion.

Co-operative may take the form of companies limited by its shares or by guarantee, partnerships or unincorporated association. In USA, co-operatives are often organized as non-capital stock corporations under state specific co-operative laws. Co-operative share their earning with the membership as dividends which are divided among as patronage, instead of according to the value of their capital shareholdings. Co-operatives are dedicated to the values of openness, social responsibility and caring of others. Membership is open which means anyone who satisfies certain non-discriminatory conditions may join. In the co-operative, economic benefits are distributed proportionally to each member's level of participation by a dividend on sales or purchases rather than according to capital invested in the business entity. The United Nations has declared 2012 to be the International Year of Co-operatives (IYC). Coop city in the Bronx, New York City is the largest co-operative housing development in the world with 55,000 people. The two largest supermarkets chains in

Switzerland Migros and coop are also co-operatives. The third largest, Raiffeisen is a co-operative as well. In 2007, the top 300 largest co-operatives were listed by the International Co-operative Alliance. 80% were involved in either agriculture, finance or retail and more than half were in the United States, Italy and France (Wikipedia, 2014).

2.2 Theoretical Review

More than 760 million people around the world are engaged in the co-operative movement. Whether a rural co-operative in Benin, which ploughs back profits into building reservoirs and upgrading roads, or a savings and credit co-operative in Srilanka, providing insurance and postal services to its members, a co-operative can play a significant role in fulfilling development objectives. It is generally recognized that co-operatives respond effectively to the ever-changing needs of people. For example, in response to the effects of globalization, people continue to choose co-operatives to address their needs. In a number of countries, people are starting new co-operative enterprises in such areas as social care and information technology. Women and youth are also choosing the co-operative form to start enterprises of their own, thus creating new jobs and opportunities. The co-operative advantage extends to the users of cooperatives and indeed to the communities in which they operate. Co-operatives set industry standards by putting into practice their values and ethics. In some countries, co-operatives are seen as leaders in promoting food safety and security, and in protecting the environment. Still in others, co-operatives are building peaceful societies by promoting understanding and collaboration among people of different cultural and income backgrounds. The values of co-operation - equity, solidarity, self-help and mutual responsibility - are the cornerstones of co-operatives and should be sustained so that co-operatives can continue to respond with flexibility and innovation to changes and challenges posed by globalization which has yet to benefit that part of the world's population which lives on under \$2 a day (WB, Report, 2008).

Poverty is the state of one who lacks a certain amount of material possessions or money. Absolute poverty or destitution refers to the one who lacks basic human needs, which commonly includes clean and fresh water, nutrition health care, education, clothing and shelter. About 1.7 billion people are estimated to live in

absolute poverty today. Relative poverty refers to lacking a usual or socially acceptable level of resources or income as compared with others within a society or country. For most of history poverty had been mostly accepted as inevitable as traditional modes of production were insufficient to give an entire population a comfortable standard living. After the industrial revolution mass population in factories made wealth increasingly more inexpensive and accessible. Of more importance is the modernization of agriculture, such as fertilizer, in order to provide enough yields to feed the population.

Poverty is usually measured as either absolute or relative poverty (the latter being actually an index of income inequality). Absolute poverty refers to a set standard which is consistent over time and between countries. The world bank defines extreme poverty as living on less than US \$1.25 per day, and *moderate poverty* as less than \$2 or \$5 a day (but note that a person or family with access to subsistence resources, e.g. *A dollar a day*, in nations that do not use the U.S. dollar as currency, does not translate to living a day on the amount of local currency as determined by the exchange rate (WB Report, 2008).

A process of institutionalizing the small farmer groups into the "Small Farmer Co-Operative Limited (SFCL)" has been initiated since 1993/94. The purpose of this initiative is to create locally-owned and managed MFIs that can take over the activities of SFDP on a self-sustaining basis. 'By mid-January 2003, 125 such SFCLs are in operation in 32 districts. Up to that period SFCLs has been providing Rs 1829 million, here Rs.849 million rupees have been recovered whereas saving amount was reached to Rs.165 million. It is considered a land mark in this front that for the first time the marginal population was included into the net of minor-credit (MoF ,2011).

Indian co-operative act (1912) “ A co-operative society is a society which has its objects on the promotion of the economic interest of its members in accordance with co-operative principles”.

Japan law (1921) “ A co-operative society is an association having legal existence, formed by persons of modest means on order to promote and develop according to the principles of mutually 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 co-operative society the primary objective of which is to provide financial accommodation to its members and includes a co-operative land”.

In Nepal, Many Non-Government Organization (NGOs) and International Non-Government Organization (INGOs) are working in favors of rural poor women in Nepal. But these Programs have not been working in all parts of the country, because of different obstacle on the part of the Programs and on that of women. This is why a special Program targeting the poorest of the poor people seems necessary. The same situation prevailed in Bangladesh and a new Program was implemented thereby Professor Muhammad Yunus in 1976. The Program is named ‘Grameen Bank’ which was launched as an experimental project under the leadership of Prof. Mohammad Yunus. Nepal replicated the GrameenBikas Bank in 1992 with successful implementation of Grameen Banking in Bangladesh. Its main objective is to provide credit to rural poor people specially women for income generation. The GrameenBikas Banks was established in five development regions between 1992 and 1996, to engross the targeted rural poor on group liability with the appropriate credit delivery mechanism (Paxton ,1996).

Ferguson (2012) explained that the livelihood comprised the capabilities, assets and activities required for the means of living. A livelihood is sustainable when it could cope with and recovered from stresses and shocks and maintained or enhanced its capabilities and assets both at present and in the future, while not undermining the natural resource base. The experience of Canadian co-operatives and CCA’s experience in international development over the past forty years had shown that development efforts must build on the strengths of communities and that achieving sustainability was a longer term, multi-dimensional process. Working within the co-operative framework means building an effective co-operative system and building partnerships that last decades.

Krantz (2001) explained that the three factors shed light on why the sustainable livelihood approach had been applied to poverty reduction. The first was the realization that while economic growth might be essential for poverty reduction, there was no automatic relationship between the two since all depended on the capabilities of the poor to take an advantage of expanding economic opportunities. Secondly, there was the realization that poverty as conceived by the poor themselves was not

just the question of low income, but also included other dimensions such as bad health, illiteracy, lack of social services, etc., as well as a state of vulnerability and feelings of powerlessness in general. Finally, it was now recognized that the poor themselves often knew their situation and needs best and must therefore be involved in the design of policies and projects intended to better their lot. Thus, participation by the poor improved the project performance. Co-operatives 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. Co-operatives put their values into practice by following the seven internationally recognized co-operative principles which are as follows:

i. 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.

ii. 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 co-operatives at other levels are also organized in a democratic manner.

iii. Principle: Member Economic Participation

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

iv. 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.

v. 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.

vi. 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. Cooperative Principles are principles on which cooperative societies work. Some principles are called “Moral Principles” in the sense that they are statement of universal basic values which are a guide to human conduct. Cooperative Principles are based on certain moral values or certain ideals. The cooperative principles simply describe the essential and characteristic features of an organization known as the cooperative organization. In other words, the cooperative principles define the cooperative form of organization. In addition, cooperative principles explain the basis of working of cooperative society in the specific sense.

vii. Principle: Concern For Community

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

2.3 Co-operatives Status in Nepal

Department of Co-operatives Nepal (2017) explained the co-operative functions with the guiding philosophy of group principle, self-help development and institutionalization of networks at the grassroots level to reduce the poverty. A cooperative is guided by democratic norms and values which are shared by the members who empowered with one member one vote for the general assembly purpose. The number of remarkable contributions of co-operative had included saving collection, Credit investment and socio-economic improvement of the member and society. The co-operative sectors had played the vibrant role to raise the expenses of members for improvement of the living standard as well. The member’s living standard was going to improve after the involvement in co-operative.

Bharadwaj (2012) revealed that the poverty had been identified as the integrated strategy of socio-economic development. The reduction of poverty refereed in improving of poor's condition and generation of the sustainable command of welfare. The co-operative meant for income, social and perception based poverty reduction.

The co-operative had become an integral part of community to provide financial access to unbanked people. The commercial banks and other financial institutions had not been able to reach in rural area. The co-operative in different form had reached in very rural areas and encouraging the people to save and entertain loan. The major type of co-operative operating in Nepal were saving and credit, multipurpose, dairy, agriculture, fruits and vegetables, bee keeping, tea, coffee etc.

Simkhada (2013) concluded that the co-operatives in Nepal offered the wide range of savings and credit, insurance, and non-financial services. The co-operatives could continue to grow as key players in the development of Nepal. If co-operatives operating in different villages were strengthened, they would contribute significantly in improving access to finance and the well-being of members. Tiwari (2016) concluded that the small farmers co-operative limited (SFCL) had played the pivotal role in economic development. Due to lack of fulfillment of the duties and responsibilities of related sectors, the expected exponential result hadn't been achieved. By managing certain amount of funds for education, the co-operative members should be given vocational and skillful training for their occupations, awareness of empowerment and leadership development programs. SFCLs had helped lot to reduce rural poverty. In a sense, the role of SFCLs was remarkable to improve poor quality of life. Hence, on the basis of existing literature, the relationship between dependent and independent variables has been framed as under:

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

The first Co-operative Act was enacted by the government in 1960, which was followed by the Agricultural Co-operative Act (Sajha Sahakari). In 1963, the capital of savings and credit cooperative societies was converted into a Cooperative Bank in 1963, and in 1968 it was also converted into the Agricultural Development Bank of Nepal (ADBN). After 5 years the ADBN returned management back to the government and in 1975 the Cooperative Act was amended again.

Beginning in the 1980s a new generation of community based savings and credit groups began to emerge in Nepal. The Cooperative Act was amended for the third

time to give the Government more control. By this time the Savings and Credit movement had spread throughout the country and the need for an apex coordinating body was evident. In August 16, 1988, the Nepal Federation of Savings and Credit Cooperative Unions (NEFSCUN) was formed.

After people's movement the new democratic government enacted the Co-operative Act and the Co-operative Regulations in 1992 and 1993 which permitted the establishment of a three tiered co-operative system, and provides a legal base both for the establishment of co-operative societies/unions/federations and application of co-operative values, norms and principles into practice.

Nepalese Cooperative movement has seen a lot of socio-economic as well as political changes. In 2008, Nepal was declared as a Federal Democratic Republic Of Nepal. In 2015, constitutional assembly successfully declared the new Constitution of Nepal which recognized the co-operative sector as one of the three pillars of the National Economy. In 20018 and 2019 new cooperative act and regulation were enacted. The new constitution has decentralized and delegated the authority to the Local and Provincial governments to promulgate the laws and act that they need. Now provincial government and local level government bodies can promulgate and implement the cooperative law.

According to the Department of Cooperative the major types of co-operative societies operating in Nepal are Saving and Credit, Multipurpose, Dairy, Agriculture, Fruits and Vegetables, Bee Keeping, Tea, Coffee, Consumers, Science and Technology, and Energy. It is believed that around 6 million people are the members of 34,512 cooperatives and more than 60,517 people are employed directly in Cooperative business.

1. Voluntary organization

The membership of a cooperative society is open to all. Any person with common interest can become a member. The membership fee is kept low so that everyone would be able to join and benefit from cooperative societies. At the same time, any member who wants to leave the society is free to do so. There are no entry or exit barriers.

2. Ease of formation

Cooperatives can be formed much easily when compared to a company. Any 10 members who have attained majority can join together for forming a cooperative society by observing simple legal formalities.

3. Democracy

A co-operative society is run on the principle of '*one man one vote*'. It implies that all members have equal rights in managing the affairs of the enterprise. Members with money power cannot dominate the management by buying majority shares.

4. Equitable distribution of surplus

The surplus generated by the cooperative societies is distributed in an equitable manner among members. Therefore all the members of the cooperative society are benefited. Further the society is also benefited because a sum not exceeding 10 per cent of the surplus can be utilized for promoting the welfare of the locality in which the cooperative is located.

5. Limited liability

The liability of the members in a cooperative society is limited to the extent of their capital contribution. They cannot be personally held liable for the debts of the society.

6. Stable existence

A cooperative society enjoys separate legal entity which is distinct from its members. Therefore its continuance is in no way affected by the death, insanity or insolvency of its members. It enjoys perpetual existence.

7. Each for all and all for each

Co-operative societies are formed on the basis of self- help and mutual help. Therefore members contribute their efforts to promote their common welfare.

8. Greater identity of interests

It operates in a limited geographical area and there is greater identity of interest among members. Members would be interacting with each other. They can cooperate and manage the activities of the society in a more effective manner.

9. Government support

The government with a view to promote the growth of cooperative societies extends all support to them. It provides loans at cheap interest rates, provides subsidies etc.

10. Elimination of middlemen

Cooperatives societies can deal directly with the producers and with the ultimate consumers. Therefore they are not dependent on middlemen and can save the profits enjoyed by the middlemen.

11. Low taxes

To promote the co-operative movement and also because of the fact that it is a non-profit enterprise, government provides various exemptions and tax concessions.

12. Rural credit

Co-operative societies have contributed significantly in freeing villagers from money lenders. Earlier, money lenders used to charge high rates of interest and the earnings of the villagers were spent on payment on interest alone.

Co-operatives provide loans at cheaper interest rates and have benefited the rural community. After the establishment of co-operatives, the rural people were able to come out of the grip of money lenders.

13. Role in agricultural progress

Co-operative societies have aided the government's efforts to increase agricultural production. They have improved the life of the people in rural areas. They serve as a link between the government and agriculturists. High yielding seeds, fertilizers, etc. are distributed by the government through the cooperatives.

14. Own sources of finance

A cooperative society has to transfer at-least one-fourth of its profits to general reserve. Therefore it need not depend on outsider's funds to meet its future financial requirements. It can utilize the funds available in the general reserve.

15. Encourages thrift

Cooperative societies encourage the habit of savings and thrift among their members. They provide loans only for productive purposes and not for wasteful expenditure.

16. Fair price and good quality

Co-operative societies buy and sell in bulk quantities directly from the producers or to the consumers. Products are processed and graded before they are sold. Bulk purchases and sales ensure fair prices and good quality.

17. Social benefit

Co-operative societies have played an important role in changing social customs and curbing unnecessary expenditure. The profits earned by the co-operatives have been used for providing basic amenities to the society.

2.4 Community Contribution towards Established

Sidingma saving and loan cooperatives Ltd. was established enforced by the local People who known about Co-operative. At the first time people encouraged to save money at co-operative made by legal members of the co-operative. They save money starting from 20 rupees monthly. At the first time members were very least and save money by the members. Invested productive area such as livestock, trade and business. Now Sidingma saving and loan cooperatives Pvt. Was capital around 10 million above. It is very important co-operative institution for the sidingwa rural Municipality- 6 of people. It invest productive area and provided a soft loan for Business man , farmers, and stakeholders. After establishing this co-operative institution people facilities soft loan and invest animal livestock, Tarkari, Kheti, Dairy etc.

2.5 Subsidy Policy of Government for the co-operative institution Pvt.

Nepal government policy has made three pillar of Economic Sector. One of the most important pillar is Co-operative institution Pvt. Numbers of Co-operatives are increasing day by day and contribute the National GDP. Sidingma saving and loan co-operative institution also impact on Government. By co-operative institutions create a opportunity of employee and also provide a skill. Non-organized of capital, skill and manpower to manage and mobilization of economic sectors. This co-operative institutions create a employee to there are more than two employee. Mostly, invest a capital productive area such as dairy, Animal Livestock, produce a Tarkari. About six hundred households sidingwa Rural Municipality-6 of Mehele they know about a sidingma saving and loan co-operative Ltd. institution. Most of the peoples economic problem solved by this institution. The co-operative institution have not own building the institution located on sidingwa Rural Municipality Ward No. 6 Office. Stakeholders and members play vital role to build own building and From Ward budget provide 3 lakhs of fiscal year 2077/078. Peoples demand to budget build to Sidingma Saving and Loan co-operative institution.

Government encourage the co-operative institution and promote to Rural area. Peoples promote their economic status by the co-operative institution. It gives priority to all members and sharing equal benefits. Co-operative institution based on 7 principle and operate followed by this principle. Government also give priority co-operative institution and create a opportunity of employ and contribution of National economic sector.

2.6 Monitoring and evaluation of the co-operative

Sidingma Saving and loan co-operative Ltd. institution monitoring a formation of committee. This committee monitoring a co-operative institution, where are invest money appropriate and take a benefits short time. Yearly transaction had audit by the auditor and give the authentic this co-operative institution. Committee are evaluation of this co-operative institution and convey the information of the membership. Those members are concerned the co-operative institution and how many capital have a co-operative institution. daily co-operative institution is open and giving a service of the members. This institution is the most important of this area and most of the people believe the this institution.

2.7 Research Gap

After analyzing the above literatures, it is found that various efforts are made by the government for the development of nation through the cooperatives institution in national as well as international context. The economic development of developed countries like Canada, china, Germany, United States, Norway etc has been tremendously changed through the cooperatives. It is also observed that cooperative plays a vital role in Nepal to uplift the living standard of people. However, progressive of cooperative have not yet achieved in Nepal because of lack of raising awareness and empowerment program, lack of timely amendments and improvisation in the related Acts and Rules, lack of self-regulation, absence of clear cooperative governance, maximum investments in real estate business, performance against the spirit of cooperative, absence of financial discipline, lack of coordination, lack of decision making etc. These reasons are responsible in creating the problematic situation in such cooperatives. Most of the cooperatives expand their credit facilities to its members by crossing their credit limits and invest the less amount of income. In this situation, there may arise the risk of dissolution of business because the cooperative fails to collect its principal amount as well as interest amount. This has put a question mark to the cooperative norms which has created the possibility of

having adverse effect to the performance of banks and financial institutions if such problems continue to grow in those institutions. Hence, there is an urgent need to pay attention towards improving institutional, structural, legal and regulatory aspect in order to address the problems seen in cooperatives. This study will try to find the investment and credit pattern of Sidingma saving and Loan co-operative Ltd. institution of mehele over 9 years. Basically there are two major concept of poverty. First, the one well adopted and defined by World Bank, Asian Development bank etc. These define poverty as a welfare deprivation. The other concept also described by Deb Johnson is a step forward which sees poverty as a domain of transferability. Poverty should be insight as an asset, access and transferability. For example a labor have labor force as his asset, if he had access to market and transfer his asset to command his required welfare then he no more remains poor. Poverty is relative concept and it is more than economical aspect. Perception and social aspect are also getting more and more vital to identify who are poor and not. Poverty follows a vicious circle that tends to generate more critical and severe poverty. As said “A poor is poor because he is poor” justify vicious circle of

CHAPTER - III

RESEARCH METHODOLOGY

3.1 Research Design

This study carried out on the basis of exploratory as well as descriptive research design. Moreover, the study has found out the actual role of Co-operatives in Trade and Business and its impact on rural development. In this regard, it an exploratory cum descriptive research. In addition, case study was applied in the sampling Households.

3.2 Nature and Sources of Data

The present study were based on both the primary as well as secondary data. Primary data were obtained from field survey using questionnaire, observation and interview FGD and Key Informant Interview. Further publications and reports of Co-operative department, publications of Co-operative training center, related journals and publication, Master's Degree dissertations are also widely used for this study as the secondary source of the data. Beside this some Other Useful Data Are Collected From The Relevant Secondary Sources From Related Area.

3.3 Sampling Procedure

The total population of the study area which is 200 households Of Sidingwa Rural Municipality- 6 Mehele, Taplejung. There are more than 400 Households among those households 40 samples will be drawn by using random sampling of Sidingma Saving and loan Co-operative Ltd. of Sidingwa Rural Municipality- 6 Mehele that is around 10% of the total members.

3.4 Tools And Techniques Of Data Collections

Different methods of data collection will be applied depending on the context and use of procedure. To generate the primary data, the structured questionnaire, house-holds survey, key informants interview and observation as well as check list methods under applied.

3.4.1 Questionnaire Survey

Structured questionnaire will be prepared to generate the realistic accurate data from survey of the Co-operatives member. The researcher will be requested to fill up the questionnaire to the respondents. In case where head of the household were not available, other senior

member from family were taken as respondent, who could not be reliable and informative. If they cannot fulfill the answer, the researcher will ask them and fill himself.

3.4.2 Key Informant Interview

The co-operative members of invest area, asked President of co-operatives and stakeholders too. primary data were collected from key informant using the semi or unstructured interview method to the president and Vice president of this co-operative, Secretary of District Co-operative Association and chief of the administration of this Co-operative. The interview was taken cross checking for data obtained from questionnaire.

3.4.3 Observation

The Co-operative organizations and members were visited and observed. They invested Money where are Productive are or non-productive area. Such as; Animal livestock, Dairy Product and Business sector. Trade and business are the best occupation of this area. Farmer's are product more than 500 litter milk. And farmer's are earned money by dairy. The role of co-operative 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 Sidigma saving and Loan cooperatives Pvt. Co-operative save photographs are shown the pictorial representation of the actual ambient situation of the Co-operative societies. So observation is proved more fruitful and important tool to find out and present the vivid real picture and condition of the area in the study.

3.4.4 Focus Group Discussion

FGD will be applied to those respondents who cannot speak in front of other members confidently. For this study, all the members of this organization is taken as focus group in five members. Co-operatives how much impacted on yours daily life and what is the benefits of co-operatives. Who was involved this institution they were known properly. We can collect the data easily by Group discussion.

3.4.5 Check List

The checklist is one of the most important tool of collecting data were held in separate Co-operative organizations and members. This check list has focused more on credit investment in various aspect, participation condition, sustainability condition, level of awareness about the Co-operative organization, agricultural training and problem and one more issues.

3.5 Method of Presentation and Analysis

After collection of primary raw data tabulation has worked out, further supplemented by computer software. The computer software is applied to the processing, classification, tabulation and analysis of data and information. The quantitative data will be analyzed in tabulated form and qualitative is analyzed in descriptive method.

CHAPTER- IV

DATA PRESENTATION AND ANALYSIS

This chapter presents the analysis of data and presents their interpretation with the help of table, bar-diagrams and pie charts.

4.1 Sidingma Saving and Loan co-operatives Ltd. information

The study site, Sidingwa Rural Municipality - 6 is located in the center of Taplejung District. The total area of Sidingwa Rural Municipality is 206 sq km that constitute of total population around 2500. Sidingwa Rural Municipality- 6 established a Sidingma saving and loan co-operatives Ltd. institution on 2069 BS. Sidingma saving and loan co-operatives Ltd. institution located in Sidingwa Rural Municipality- 6 of Mehele. The total capital is 10 million above and creative membership 6 hundred above.

4.2 Family Type

The empowerment of rural women depends upon the family types. In the joint family, the women have less authority and responsibility due to male dominant society and it is very difficult to enhance skill because less opportunity has been provided to her for career development.

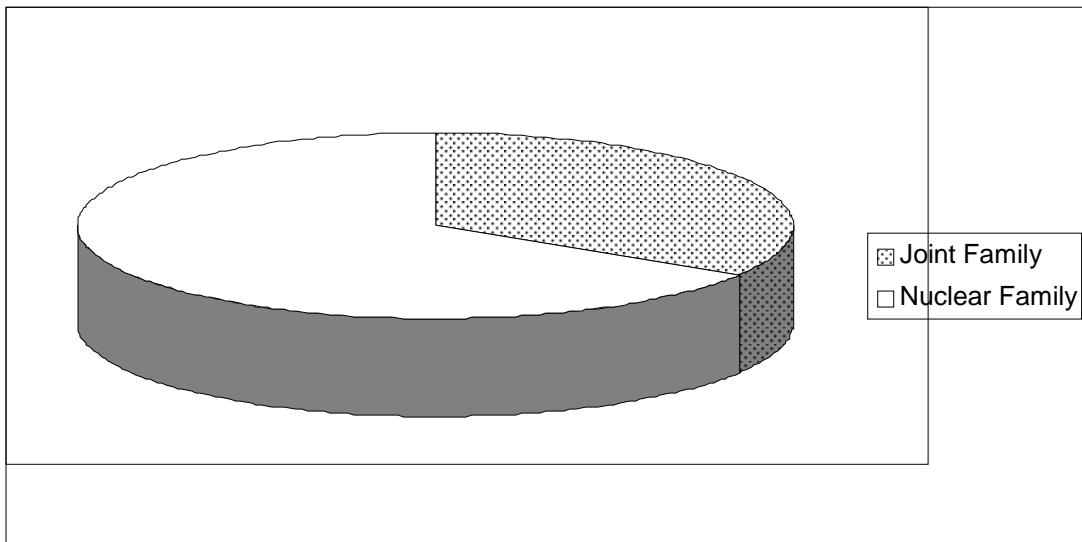
Table 4.2 Distribution of Respondents by Family Type

Family Type	No. of Respondents	Percentage
Joint Family	15	37.5
Nuclear Family	25	62.5
Total	40	100

Source: Field Survey, 2020

The table no 4.2 shows that exactly 37.5 percent of the family in the study area has been found as joint family whereas 62.5 percent as nuclear family. The joint family is still dependent on traditional occupation. The distribution of sample household by family types is shown in pie chart diagram below.

Figure no 4.2 Distribution of Family Type by Diagram



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4.3 Occupations of the Local Respondents

Occupation in the engagement of people in different activities to satisfy their daily needs is human beings adopt different types of occupations such as agriculture, Trade, Service, social worker etc. in these study respondents occupational status has been presented below in the table as.

Table No. 4.3 Occupational of the Local Respondents

Occupational	No. of respondents	Percentage
Agriculture	20	50
Animal Husbandry	8	20
Tourism Related Business	2	5
Trade And Commerce	6	15
Services	2	5
Others	2	5
Total	40	100

4.4 Annual Household Income source of the Respondents

Usually, income in poor households is contributed by several of its members. Gauging a member's socio-economic status using income as a variable, the annual income from main

occupation, her other sources of income and annual income from all other income earners of the household.

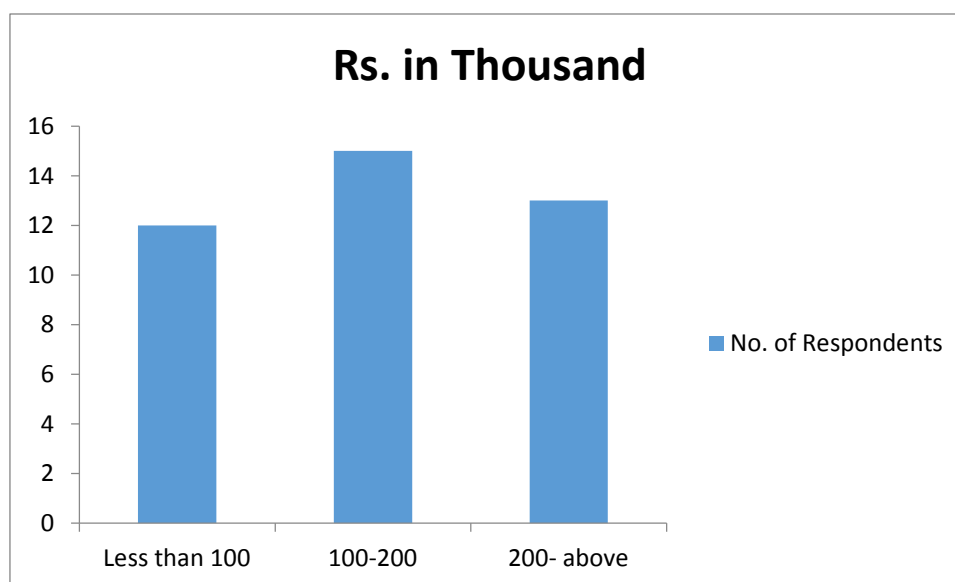
Table 4.4 Annual Income of the Respondents

Income in NRs (000)	No. of Respondents	Percent
Less than 100	12	30
100-200	15	37.5
200- above	13	32.5
Total	40	100

Source: Field Survey, 2020

The table no 4.9.3 shows the annual income of the co-operatives members. According to the survey, out of 20 respondents, there are 30 percent households who have less than NRs. 1,00,000. At the same time 37.5 percent households who have 100 to 200 thousands annual income respectively. The annual income of 32.5 percent households have 2,00,000 above.

Fig. no. 4.4 Annual Household Incomes of Respondents



4.5 Education Status of the Local Respondents

Education is the key to any success. It is the cornerstone of the development also. Higher the level of the education means better will be the opportunities. The education level of the local respondents has been listed on the following table.

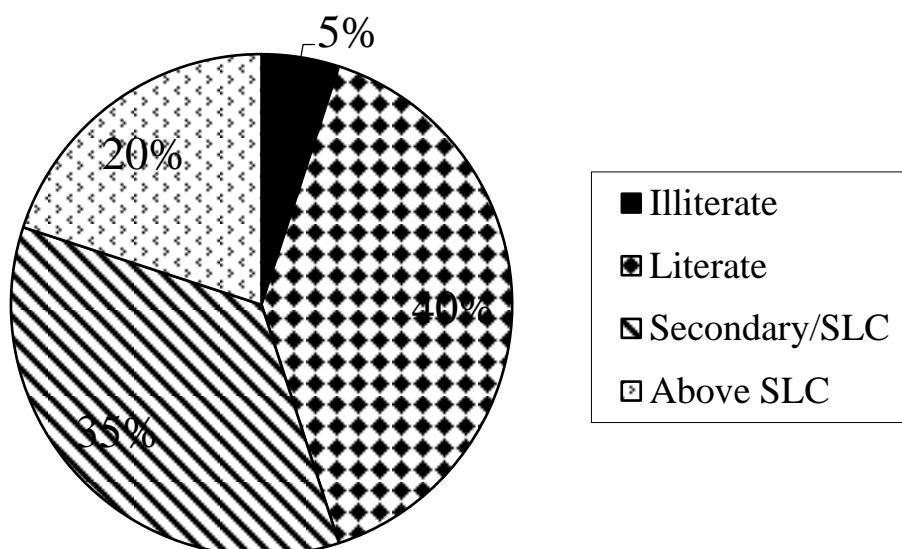
Table no. 4.5 Education Level of Local Respondents

Levels	No of respondents	Percentage
Illiterate	4	10
Literate	16	40
Secondary /SLC	12	30
Above SLC	8	20
Total	40	100

Source: field survey 2020

The table no. 4.5 presents that 30 percent local respondents have secondary level of education. Out of the total respondents 40 percent are only literate and 20 percent are above SLC passed respondents similarly there are 10 percent illiterate respondents. It concludes that the level of education in respondents is not in homogenous background, it is because of the icon of rural life also.

Fig. No. 4.5 Education Level of Local Respondents



4.6 Average Land Holding Size

As agriculture is the main occupation of Nepalese, this study conducted in Sidingwa rural municipality also depicts the same result. But the cultivation pattern a little bit different as found in nationwide cultivation pattern, that is, several studies have shown that farmers do

not get their own land for cultivation rather landlords occupies most of the land and farmers get land in rent. But in this study area, cultivation pattern in land is done by own landowner.

Table no. 4.6 Average Land Holding size

Types of Land in (Ropani)	No. of Respondents	Percentage
Khet/Bari	31	77.5
Pakho	9	22.5
Total	40	100

Source: field Survey, 2020

The table no.4.6 elaborates that among the sampled households, 77.5 percent of household have khet/bari and 22.5 percent of sampled household have land like pakho.

4.7 Knowledge about Investment Policy

Every member has essential to have general knowledge about co-operative and its overall activities. Unfortunately, some of the respondents did not know about co-operative investment pattern in the study area. The detail of the respondents is given below.

Table 4.7 Knowledge about Investment Policy

Investment Sectors	No. of Respondents	Percentage
Agriculture+Livestock Farming	4	10
Business	3	7.5
Agriculture+Livestock+ Business	8	20
Others (e.g. Cottage, Tailoring)	3	7.5
All of the Above	17	42.5
Unknown	5	12.5
Total	40	100

Source: Field Survey, 2020

Table 4.7 shows the knowledge about investment priority sectors is Majority of the respondents have knowledge about investment priority of co-operative. Among the total respondents, 42.5 percent respondents have said that the SSLC provided the loan on agriculture, livestock, wholesale business, housing, cottage industry, micro level business,

education, health, foreign employment etc. Only 7.5 and 7.5 percent respondents have said that SSLC investment priority sectors are agriculture, livestock and others (e.g. cottage industry, tailoring, etc) respectively. Similarly, 20 percent respondent reported that agriculture, livestock and business are the priority area of SSLC. Likewise, 7.5 percent respondents mentioned business as the most priority sector. On the other hand, 12.5 percent respondents could not say the investment priority sectors This scenario represents that some of the respondents have not got good knowledge about investment priority sectors of SSLC.

4.8 Amount of Monthly Saving of the Respondents

Saving capital collection is a key source of the co-operative institution. Loan flow level of co-operative depends on its saving capital and share capital collection.

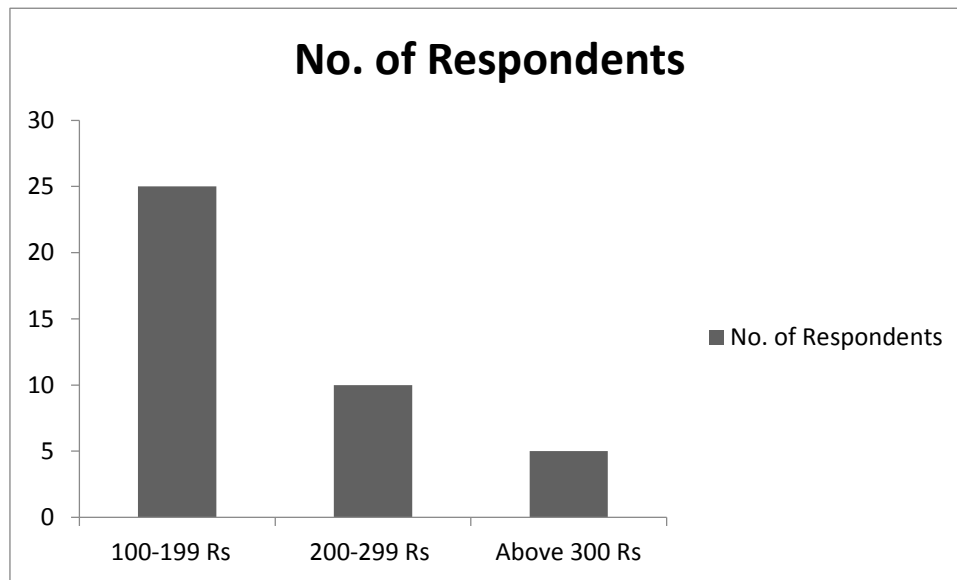
Table no. 4.8 Amount of Monthly Saving

Saving Amount (Rs.)	No. of Respondents	Percentage
100-199 Rs	25	62.5
200-299 Rs	10	25
Above 300 Rs	5	12.5
Total	40	100.00

Source: Field Survey, 2020

Table 4.8 shows the amount of monthly saving by the respondents study area, more than 62 percent respondents have been regularly saving Rs.100 to 199 on monthly basis likewise 25 percent respondent saved Rs.200-299 and 12.5 percent respondents have been saved Rs. More than 300.

Fig no. 4.8 Amount of Monthly Saving



4.9 Fuel Consumption of the Respondents

The respondents are switched to electric and LP gas from firewood after joining the co-operative. They invest in small farming and income is generated, after that they have to spend time in their business/farm. They have not enough time to spend in kitchen. The female members are aware of health effects from bad smoke that comes from firewood. Use of different sources of fuel composition of the respondents is given below.

Table 4.9 Fuel Consumption of the Respondent

source	Total Number Of The Respondents		Percentage	
	Before	After	Before	After
Firewood	25	10	62.5	25.0
Bio-gas	6	8	15.0	20.0
Electric LP Gas	9	22	22.5	55.0
Total	40	40	100	100

Source : Field Survey, 2020

The table No. 4.9 demonstrates that the major respondents have used firewood before joining the co-operative. This number after joining, that has fallen to 25 percent. 15 percent of the total surveyed respondents were found used biogas before but after joining the co-operative about 20 percent of respondent have used biogas. In such case electric/LP gas had used before by 22.5 percent but after joining the co-operative about 55 percent of respondent have

started to use electric/LP gas. So, it is clear that after joining the co-operative respondents are interested to invest in modern technology.

4.10 Sources of Loan Repayment

The sources of loan payment of the user of fund. The loaners business was running in profit.

Table no. 4.9 Sources of Loan Repayment

Sources of Loan Payment	No. of respondents	Percentage
Money earned from same business	30	75
Other household income	5	12.5
Borrowing from other institution	3	7.5
Relatives/friends	2	5
Total	40	100

Source: Field Survey, 2020

The table No. 4.10 elaborate that the Majority of loaner's (75 percent) have been paying their installments from the same business whereas only 12.5 percent were using household income for repayment purpose. The level of independency and increased positive attitude towards their business. Some loaner's repayment was made from relatives and/or friends. The co-operative institution involved members and they saved money every month. Total capital is investing for the productive sector and policy drive the institutions. The beauty of co-operative is investing capital for the productive are and share benefits of total memberships' who involved the sidingma Saving and Loan co-operatives Ltd. institution.

Member's always put concerned the co-operative institution and investing the capital rural area. Because of the people life style also promote and get the opportunity of the institution. This institution located Sidingwa Rural Municipality- 6 Mehele of Taplejung. The total capital of co-operative institution is more than 10 million. Members are also facilitate each and every problem such education, health, hydro-power etc. peoples earned money in any sources and deposite this institution. Most of the People take a loan from this sidingma saving and loan co-operatives Ltd. institution and repayment from any sources of earned money. This institution provide a loan its rules and regulation and collect the money. Yearly this institutions' economic transaction is about 2o lakhs above.

4.11 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 Sidingwa Rural Municipality- 6 Mehele keeps live stock primarily to sale the milk. The dairy product the Ghee and Chhurpi and sell the market. In addition to this oxen are used to plug land and cow are used to milk and sell on cash.

There are no any differences between before and after the establishment of Sidingma Saving and Loan co-operatives Ltd. institution In business and trade. But now a day in the field of cow husbandry there is little bit differences then the past. The Sidingma saving and loan co-operatives Ltd. institution is supporting to the farmers through distributing new holistine cow in trade 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 1 milk dairy providing the market facilities to the farmer in animal husbandry area.

4.12 Socio-economic Impact of the Trade and Business

Sidingma saving and loan co-operatives Ltd. institutions positive impact of trade and business sector. It invest productive area and earn more benefits. firstly, it is given to priority of the investing area are trade and business. There is a one dairy uddhyog and invest money because this is most important dairy. All farmers product milk and sell the milk in the dairy and earn money. Most of the people are poor they can't buy the holistine cow and investing a farmer provide a loan by the dairy propiter.

Sidingwa Rural municipality- 6 of mehele this co-operative institution impact on positively. Because of here people's are very satisfied of this co-operative institution. there are many more business man and take a loan by this co-operative institution and they invest their business. They promote the business and giving a more service from their small and wholesale market.

4.13 Monthly Deposit

Sidingma saving and loan co-operatives Ltd. institution deposit money monthly by their members. Who are deposited their money and increased their money monthly. About there are 500 above active members of this co-operative institution. they are actively role of play and peoples problem are solved by their problem. Most of the people are believed this co-

operative institution and provide a loan by rules and regulations. People are ready to return money limitation of time. And yearly inauguration general summit and each and every active members provided a benefits money. It is a very fruitful policy of this co-operative institution and peoples are motivated pro-actively.

Members always wants to deposit money and take a loan by simple interest and invest a productive area.

4.13 Advantages of Co-operative Institution in Locality

Co-operative Business also known as a co-op, is a type of organization that is both owned and controlled by its members who also happen to use the services and products of co-operative. This business are different from other types of companies. Because they are formed and operate for the benefits of their members. One of the greatest advantages of a cooperative company is the equality involved in its management and how democratic it is overall. The members can have all of their needs met without having to defer to a single person. This equitable type of organization makes the cooperative business a lot more stable than a regular business. Members will come and go without necessarily disrupting the way things work. In fact, whenever change is necessary, it will take the entire group of members to decide on it. Also, because each member has just a single vote, everyone has an equal footing in the business no matter how many shares they own.

The cooperative is a body of its own. It is considered a legal individual, so it takes responsibility for its own debts rather than relying on the employees, directors or shareholders – with the exception of situations when there has been fraud or negligence. Each cooperative member's liability is limited to her respective investment.

A cooperative business confers its own set of economic advantages to its members. Take consumer cooperatives, for example: The members of such cooperatives receive dividends for their patronage. Those dividends are determined by how much members spend on the products of the cooperative. Members who also happen to be employees of the cooperative are also entitled to discounts on merchandise.

Cooperative businesses are owned and controlled by the members, so they are more autonomous compared to businesses controlled by their investors. Another factor that leads to more control within a cooperative is the fact that all the members of the cooperative need to be active within the cooperative so they can divide the workload equally among themselves.

Cooperative businesses also exempt members from income tax, up to a point. The members will only be taxed based on the income they receive from the cooperative and not individually or on the corporate level. Cooperatives that operate for profit are taxed just like regular businesses. However, they can reduce their exposure to taxation by paying their members in the form of patronage dividends in the form of refunds and discounts on products and services. Cooperatives also receive financial assistance in the form of loans and grants from the government.

Cooperative businesses are based on the philosophy of mutual help. They aren't just about uplifting the members economically, but also morally and socially. Membership instills a spirit of independence, cooperation and tolerance.

Access and control over financial resources is necessary for long-term sustainability of women empowerment and their economic progress. This study investigates the role of savings and credit co-operative (SCC) in rural women empowerment in sidingwa rural municipality- 6 of Taplejung, Nepal. Fifty members of Sidingma saving and loan co-operatives Ltd. institution and Credit Co-operative (SWSCC), Sidingwa, Nepal were considered for the study. The results show that the members of the SWSCC have benefited from SCC with improved savings and access to credit/loans. The members have increased capital investment and started small scale businesses, which contributed to reducing their poverty levels. Only 20% of the households had annual income of more than NRs 100 thousand before joining the cooperative but this number increased to 54% after joining the cooperative. In addition, SWSCC was observed to be providing adult literacy classes to its members resulting in literate adults which helped in empowering the women. In addition, instances that women made decisions on health check-ups of the family members and participation on social meetings increased. The positive outcomes of the study suggest that the Nepalese women should increase their savings and eventually ensure their socioeconomic empowerment as well as contribute to the economic development of rural areas in Nepal.

CHAPTER -V

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

5.1 Summary

Co-operatives is defined as a development tool that grants or provides financial services and products such as very small loans, savings, micro-leasing, micro-insurance and money transfer to assist the very or exceptionally poor in expanding or establishing their businesses. It is mostly used in developing economies where SMEs do not have access to other sources of We have earlier mentioned that cooperative is a mechanism targeted to the poor, to support them by providing resources in the form of credit and aims to make them aware on various social and economic aspects. Experiments have provide that co-operative for rural people is useful in empowering people status and in reduce their poverty. Co-operatives and like Saving in co-operative is a pre-requisite of availability the credit to poor, saving is an important part of the co-operative financing. Beside the income generating members are talking credit from within the group of the time energy.

So, saving has become their good source of money otherwise they would have to go to the money lender and it is accumulated the resources for future use. They all felt that it has cumulated a good habit of saving whether the sources of saving is project income of any other sources. It is the right way to fulfill the financial need of rural poor reaching the poor through financial intermediaries is found to be cost effective and targeting can be done correctly. The co-operative shows that the saving and credit programme is increasing in rural co-operative. The programme contributed in developing the confidence of people and increase interest in community activity of people. The major findings are:

- i. The member of Sidingma saving and loan cooperatives Ltd. of Sidigwa Rural Municipality - 6 under the coverage of saving and credit are subsistence illiterate farmers. The involvement in saving and credit groups has employed people in various degrees. It has offered opportunities for poor people to come out of their households,
- ii. Confidence of organized themselves in groups and to work in productive and social activities.
- iii. The most of the respondents are in age group of 16-24 years. Mostly respondents are Chhetri\ Limbu and Rai ethnicity and their percentage is 60.
- iv. During the survey it was found that the most of the respondents are literate and they are involve in agriculture sector.
- v. The respondents have land size below 0.250 hectare which is 62.5 percent of in total. They engage in agricultural sector but not sufficient land size to work and to produce the output.
- vi. During the survey is was found that being based on agriculture occupation about 75 percent people are suffering from insufficiency of food for some month.
- vii. In the field survey it is found that most of respondents have bought share of NRs. 3000 which is 62.5 percent of total respondents.
- viii. In the field survey it is found that most of respondents borrowed loan from co-operative only 30 percent is free from loan.
- ix. Most of the saving group save NRs. 100 monthly and one respondent save above NRs. 500 per month.
- x. The field survey showed that most of the people except financial support rather than other support provided by co-operative.
- xi. The collected field survey data and analyzing the quantitative tools shows that the life standard of people has increased in the study area.
- xii. During the survey, many respondents have answered that they get help from Co-operatives and they are satisfied from the service provided by co-operative.

5.2 Conclusion

Economic liberalization has encourage the establishment and growth the co-operatives in our country within a short span of time. After co-operative act 2048 co-operatives are increasing quantitatively but qualitative is essential for the exact development. The co-

operative change the society to organize people for fulfillment of their common objectives. People are conscious about the achievement of life can be secured through the financial participation in co-operative.

Co-operatives of Nepal are smoothly running since their establishment. The members of co-operative are satisfied for the service provide by co-operative. The investment, saving and other financial is increasing day by day. Cooperatives are important for economic development of the country. The cooperative system have been adopted by many developed and developing countries in various sectors of the economic for improving and uplifting the standard of living of poor and middleclass group of people and accumulate the scattered money for investing in the productive sector of the economy. So, cooperative has the social and economic impact not only to its members but also on whole society. The study also suggests that cooperative should think about its credit pattern because its credit pattern is overflow as compared with the investment pattern. If the Cooperative is failed to collect its principal amount from the borrowers, there should arise the problem of discontinuity and conflict between the board members of the cooperative. So, it is better to do the cooperative that cooperative should make balanced between the credit and investment pattern and should manage the disorder in the investment pattern. The cooperative should invest the money in such a sector i.e. productive sector which helps to uplift the living standard of the people and high rate of economic growth. Cooperative plays a vital role to provide the financial service to its members and help to generate the economic activities of the society. Transformation of unproductive money to the productive sector is very crucial role played by the cooperative. Cooperative creates the environment of cooperation among its members. They work together to achieve mutual objectives. Cooperative is a voluntary organization for a joint organization of some work on equal terms and with common objectives. This form of organization has been growing popularly in the sphere of economic activities particularly among the economically weak member of community who by definition cannot protect their interest on an individual basis. The objectives of cooperative are generally related to the welfare of members. It always tries to develop the economic, social and mental empowerment of members. Cooperatives are based on the value of self- help, mutual help, self-responsibilities, democracy, equality and solidarity value of honesty, owner, social x responsibility and caring of others. Cooperative plays an important role in poverty reduction, facilitating job creation, economic growth and social development.

The whole impact of the co-operative is associated in multi- dimensional way, which in this study is not possible due to various constraints. Any ways the role of cooperative on income generation and living standard is positive but it is not as much as it is to be productive. Thus in short the groups are towards satisfactory trend to reduce poverty and empowering their social empowerment but there are still many things to be done and considering the solution of the existing problems there is need to come up with better planning for the future.

5.3 Recommendations

Based on the findings and conclusion presented in the previous sections, the following recommendations has been made the implementation of programe more effectively.

- i. The Co-operatives are investing in unproductive sectors in large volume rather than in other growth oriented productive sectors. The role of co-operative in rural area is to be focus on productive sector rather than other.
- ii. Co-operatives provide training in the area of agricultural cultivation, livestock training to the members. Besides training exchange visit program is also an effective and essential tool to learn from other experience for proper development of individual member and group as a whole. There should be the mutual exchange of experience and training program.
- iii. Co-operatives are recommended to practice activities like project management share issue planning, loan issue and disbursement management and proper savings scheme and its mobilization.
- iv. Role of saving and credit co-operative remains some possibility of developing the poor people from effective mobilization of saving and Credit. So, there should be proper identification and section of the targeted groups to ensure that he really poor, backward communities are not left behind.
- v. There should be the regular mechanism to check whether the disbursed loan in used as per the objectives of the loan scheme.
- vi. It was found that illiterate people are less interested to mobilize the borrowing. Therefore the co-operative should have initiate the special awareness program for borrowing mobilization and there income generation activities.
- vii. Co-operatives institution should try to accommodate all the marginalized and poverty stricken people for the reduction of income equality.

- viii. To involve the people in socio-economic activities, the interest free loan as a micro credit should be provided.
- ix. To increase co-operatives, Government should be providing financial support to co-operative institution.
- x. The milk producing is main source of income of this area, so Nepal Government should help Add.
- xi. It is important to involved all people under co-operative institution to create saving and loan opportunity. It is also help to people positive change in their life standard.
- xii. To control unnecessary expenditure, the government should be designed specific and effective programme, which encourage the people to capital formation sectors.
- xiii. It is necessary to develop co-operative investing the trade and business farmers increase the saving money.

5.4 Suggestions for the further Research

By completing this research work all concerned authorities are requested to research to in other sector of this area. This dissertation has described only the role of Sidingma saving and loan co-operatives Ltd. 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 the different point of view of cultural, educational, ecological and women status etc. to find out other more characteristics of the community. It is also recommended to study the community with the trade and business and economic point of view.

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ANNEX- I

ROLE OF CO-OPERATIVES IN RURAL TRADE AND BUSINESS ACTIVITIES:
*A Case study of Sidingma Saving and Loan Co-operatives Sidingwa Rural Municipality-
6 of Taplejung District*

1 Personal Information

Name:.....

Age:.....

Caste:.....

Marital Status:.....

Religion:.....

Education:.....

Occupation

Sex

(a)

2 Do you produce sufficient food for your family from your land? For how many month?

(a) 0-4 months (b) 4-8 months (c) 8-12 months (d) saving outputs

3. Occupation

(a) Main..... (b) Secondary.....

4 Livestock

Animal	Total No.
Cows	
Buffalos	
Goats	
Pigs	
Chickens	
Others	

5. How many times have you borrowed from co-operatives ?

(a) One (b) Two (c) Three (d) More than three

6. How did you get the loan from ?

- (a) Easily (b) Difficulty (c) Easily takes time

7. How do you find the interest rate?

- (a) Ordinary (b) Cheaper (c) Dearer

8. What was the amount and purpose of taking the loan?

S.N.	Purpose	Amount
1		
2		
3		
4		

9. Is the loan fully spent on particular purpose?

- (a) Yes (b) No

If not, where have you spent it?

- (a) I've in cash
 (b) I spent on other household needs
 (c) Others

10. Are you benefited from the loan?

- (a) Yes (b) No

11. Which time do you have appropriate for repayment of installment?

- (a) Weekly (b) Quarterly (c) Monthly

12. How do you find the period of repayment of installment?

- (a) Ordinary (b) Lacking (c) Enough

13. What is your attitude towards the bank?

- (a) Social development oriented
 (b) Poverty alleviation oriented
 (c) Profit oriented
 (d) Others

14. Did you get any training from the bank? If yes, what?

.....

15. How is your profit?

- (a) Ordinary (b) Enough (c) Loss

16. Are you satisfied from your earning?

- (a) Yes (b) No
 If No, Why?
17. What is your consumption pattern? Is it changed after going the program?
 (a) Yes (b) No
18. How did you utilize the saving?
 (a) Putting in still
 (b) Using it in business
 (c) Saving in the bank
 (d) Investing in other sector
19. What is the condition of your utilization (Food)?
 (a) Traditional food..... (Rice, Vegetable, Daal etc.)
 (b) Non-traditional food..... (Fish, Meat, Sweet etc.)
20. What is your housing pattern?
 (a) Hey Roof
 (b) Jasta
 (c) Tiles
 (d) Cemented
21. Where do you teach your children?
 (a) Government school (b) Boarding school
22. Do you think your poverty has been reduction through this Program?
 (a) Yes (b) No (c) Do not know
23. Is there any problems faced after launching varieties of activities under the program?
 (a) Yes(b) No
 If yes, what are they?
- 24 Does Cooperataives play positive role in poverty reduction?
 A) Yes b) no
- 25 How can it play positive role in the direction of positive direction?
- 26 Provide loan b) provide training on income activities c) encourage saving d)
 others
- 27 Do you satisfy to the facilities of Cooperatives ?
 a) Yes b) No
- 28 How much money you pay to the member of cooperative?

29. Is dairy cooperatives support following topic of the societal development?

S.No	Support by Dairy cooperative
Drinking	
School Scholarship for student	
Road/ Goreto Bato	
Health	
others	

30. Have your level of income increased after being member of cooperative?

i) Increased than before ii) Decreased than before iii) As it is.

31. Have your level of knowledge on aspects of health and sanitation increased after being member of cooperative?

i) Yes..... ii) No.....

32. What do you suggest for improvement?

Signature

Date:-