

Chapter-V

SOCIO ECONOMIC IMPACT OF COOPERATIVES

5.1.1 Introduction

Cooperatives development in the economy is one of the valuable factors for the economic development. Social or economic conditions of the poor members are uplifted by the cooperatives activities. Their occupational, financial, health as well as fulfillment of basic needs is addressed by the cooperative societies. Poor members of the society can have the facility of pure drinking water or the facility of better sources of fuel with the financial help of cooperatives. The educational status of the member's increases, farmers' farming procedure is improved by the adoption of latest technology for the production by utilizing the help of the cooperatives. Cooperatives on the one hand are useful for present situation and on the other hand it improves the overall socio-economic status of the members. Are the cooperatives helpful for uplifting the standard of living of member people and do better for societies? These questions arise while discussing about cooperatives societies. In this chapter we shall analyze whether the cooperatives has helped to improve the member's living standard and socio-economic condition. The following Tables – 5.1 A, B, C, D, E and F have depicted the scenario.

Table – 5.1(A)

Educational Status of Members

Education Level	No of Members	Percentage
Below grade 10	38	38
S.L.C.	19	19
Intermediate	20	20
Bachelor	18	18
Above Bachelor	5	5
Total:	100	100

Sources: Field survey.

The Table -5.1 (A) shows the educational status of the members within hundred samples. 38 percent members are below the grade ten. 19 percent are S.L.C., 20 percent are intermediate, 18 percent are bachelor and only five percent members are above bachelor.

Table -5.1 (B)

Economic Status of Members

Economic Status	No of Members	Percentage
Lower class	27	27
Lower middle	41	41
Middle	28	28
Upper middle	3	3
Upper	1	1
Total:	100	100

Sources: Field survey.

The Table – 5.1 (B) shows that the main sample size lies on lower and lower middle class. This section covers 68 percent of the sample. 28 percent sample lies on middle class. Only three percent members from the upper middle and one percent are in the upper economic class. Thus major part of the members is in lower and lower middle class.

Table -5.1 (C)

Social Status of Members

Social Status	No of Members	
Tribe	20	20
General	61	61
Dalit	6	6
Madhesi	11	11
Others	2	2
Total:	100	100

Sources: Field survey.

Table – 5.1 (C) shows that the major number of sample were on general social status, i.e. Brahmin, Kshetri etc. 20 percent sample lies on tribal and six percent from Dalit.

Table -5.1 (D)

Family Size

Family Size	No of Members	
Up to 2 members	7	7
Up to 3 members	9	9
Up to 4 members	28	28
Up to 5 & above	56	56
Total:	100	100

Sources: Field survey.

The Table -5.1 (D) shows that the sample members family size is bigger because 56 percent members family have 5 and more than five members in the family. The greater the family more is the expenditure and obstacles to run easily.

Table -5.1(E)

Occupations of Members

Occupations	No of Members	
Farming	33	33
Small scale business	25	25
Wage Labor	9	9
Others	33	33
Total:	100	100

Sources: Field survey.

There are 33 percent farmer recently and same percent for services men (others) under study. Only 9 percent are the wage labor and 25 percent members from small scale businessmen. The occupation may be transmitted from one to another in course of time.

Table -5.1(F)

Gender Wise Classification of Members

Gender	No of Members	Percentage
Male	63	63
Female	37	37
Total:	100	100

Sources: Field survey.

In the sample survey, there includes 37 percent women and 63 percent men samples under study. There is equal opportunity for the male and female to take part in the cooperatives activities.

5.1.2 Occupational Diversification of Members

In the societies, it is believed that the occupational transformation is considered a measure of development of society. Rapid transformation of the occupation is view as the social development. In our field survey we have found many members who were able to convert their occupation into better one.

The following Table 5.2 shows the occupational diversification of members in the study area.

Table -5.2

Occupational Diversification of Members

Occupations	Before		After		Remark
	No. of members	Percentage	No. of members	Percentage	
Farming	60	60	33	33	-45
Small scale business	9	9	25	25	178
Wage labor	6	6	9	9	50
Others	25	25	33	33	32
Total:	100	100	100	100	0

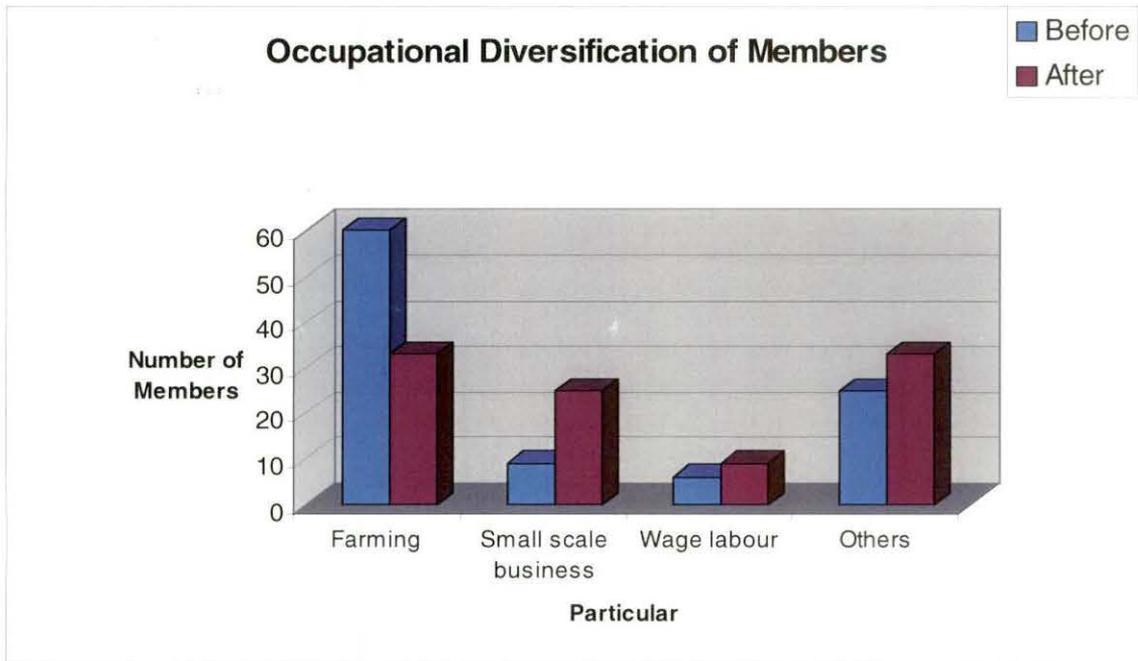
Source: Field Survey.

Table - 5.2 shows the members occupational diversification in the district. In the very beginning, major portion of members are involved in agricultural activities i.e. 60 percent members are the farmer. But these numbers of farmer reduced by 45 percent i.e. only 33 percent members are the farmers now. Again only 9 percent members were small-scale businessmen in the past but now there are 25 percent members who are engaged in the small-scale business, i.e., 178 percent more than the earlier condition. In the same way, only 6 percent were the wage labor where as 50 percent more i.e. 9 members are wage labor in the societies now because of the attraction of higher level of wages. Other occupations were followed by the 25 percent members before involvement in cooperatives, but now there are 33 percent members involved in the others occupation such as service sector (private, public), education sector, self-

help project etc. More members have shifted to other occupations rather than traditional occupations.

The following Figure 5.1 shows the occupational diversification of members before and after the involvement in the cooperatives activities.

Figure -5.1



Source: Field Survey.

The number of members who have changed their occupation has been shown in the Figure 5.1. Farmers are shifted to other occupations nowadays. At least 45 percent farmers left the farming and joined in either small-scale business or wagemworker or other occupation in the service sector. This diversification in the occupation of the members shows the awareness of the members after involvement in cooperatives where some of the members have joined in cooperatives as servicemen and others are employed to other occupations through the financial assistance of the cooperatives societies. They are enjoying as businessmen, servicemen or in other occupations by utilizing the cooperative's resources. In the Figure, the part of the agriculture is reducing where as other occupations involvement is increasing. It means the cooperative societies are helpful for transforming the occupation from one to another by helping the members economically and physically.

5.1.3 Sources of Finance for Members

Nepalese people were suffering from the scarcity of financial resources in the past. They had the opportunities for different project and schemes such as animal husbandry, poultry farming, bee keeping, small business etc. but they did not have the capacity to finance these projects and schemes. Therefore some entrepreneurs were prepared to take loan at high rate of interest from the informal sector lenders, i.e., neighbors, friends, businessmen, landlords, goldsmiths etc. The high rate of interest does not help to earn high profit because of the major part of a earned amount goes in the hands of informal sector lenders as interest. The banking and financial sector wasn't developed as much as the need of the economy. A few bank and finance company were not able to provide the amount of money needed by the people. Most of the people took loan from the informal sector.

The following Table 5.3 shows the scenario of sources of finance in the past and present.

Table - 5.3

Sources of Finance for Members

Sources of Finance	Before		After		%Change
	No. of members	Percentage	No. of members	Percentage	
Bank	28	28	6	6	-79
Cooperatives	2	2	85	85	4150
Landlord	32	32	3	3	-91
Business men	29	29	2	2	-93
Others	9	9	4	4	-56
Total:	100	100	100	100	0

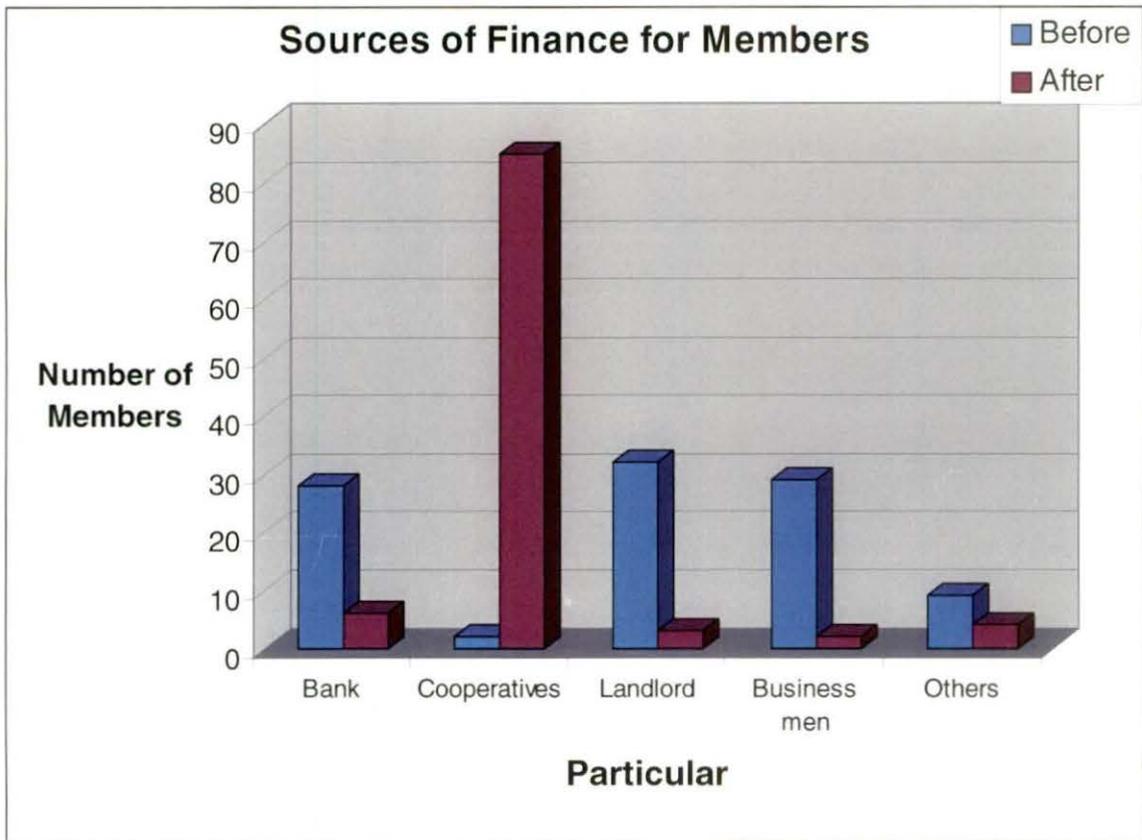
Source: Field Survey.

Table -5.3 shows the pre and post sources of finance for the cooperative members. Nearly 70 percent members responded that they were dependent on informal sources (landlords, businessmen and others) of finance before the involvement in the cooperatives. Only 30 percent members had the opportunity of getting loan assistance from formal sector, i.e., banks and cooperatives. There were heavy reliance on friends and relatives, businessmen and landlords in the earlier time for financing the project and plans. These sources were dearer than formal sources. There were 28 percent people who had the facilities of loan from bank whereas there are only 6 percent people dependent on banks for finance now. Because of the conflict those banks and finance company have with their services drawn away from villages.

There were only 2 percent people having the finance facility from cooperatives but now there are 85 percent people who have the finance facility from cooperatives. This shows the heavy dependency on cooperatives as a source of finance nowadays. The dependency on landlords, businessmen and others gradually decreases to 91 percent, 93 percent and 56 percent respectively. It means most of the people are taking loan from cooperative societies. Total 85 percent members are getting loan facilities from such cooperatives whereas only 15 percent members are now taking loan from other sources. The interesting fact is that, now there are 91 percent members having formal sources of finance. Only 9 percent are using informal sources of finance. The improvement in the use of finance sources shows the utilities of the cooperatives. In the time of conflict, those banks were closed, merged or shifted away from villages. But the cooperatives were established continuously throughout the period which not only replaced the lack of banks in the villages but also replaced the monopoly interest rate of the landlords and businessmen by providing finance in low rate of interest to the resource less members. The Table shows that the dependency upon landlords was reduced by 91 percent and on businessmen by 93 percent as well as by others by 56 percent. It shows that the members' dependence on cooperative has increased by 4150 percent. This dependency is the result of conflict situation and it proves that the cooperatives are helpful for the society. Now, most of the people use cooperatives as the main source of finance. They are rescued from the cheating of landlords, businessmen and other informal sources of credit.

The following Figure 5.2 shows the sources of finance of the members before and after involving cooperatives.

Figure -5.2



Source: Field Survey.

Figure - 5.2 shows the role of different institutions as sources of finance to the members before and after involving in cooperatives. Landlords, businessmen and others (friends and relatives) played vital role as source of finance before the membership whereas banks have only 28 percent role and cooperatives have only 2 percent contribution of sources of finance in the past. But after membership in the cooperatives, people preferred cooperatives much so that now 85 percent member people have taken the cooperatives as the main source of finance. These reduced the dependency upon landlord, businessmen and others. It means, now a few people only depend upon those informal sources. On the other hand, people shifted towards to the cooperatives from banks as source of finance because of the former's credibility to them.

5.1.4 Improvement of Toilet Facility

The socio-economic improvements of members not only depend upon the amount earned by them but also depend on the health and sanitation around them. The healthier the person the wealthier is the village, society as well as nation. Therefore health and sanitation are the foremost important things for the improvement in the societies. Management of garbage, pure drinking water, improved sources of fuel, availability of heating and lighting etc. are the basic requirements of the tolerant society. Improved toilet facility protects the people from transmitting diseases. These facilities also measure the economic capacity of the people.

The following Table 5.4 shows the improved toilet facility of the people in the villages.

Table -5.4
Improvement of Toilet Facility

Particular	Before		After		%Change
	No. of members	Percentage	No. of members	Percentage	
RBC	20	20	64	64	220
RCC	3	3	29	29	867
Temporary	58	58	7	7	-88
No	19	19	0	0	-100
Total:	100	100	100	100	0

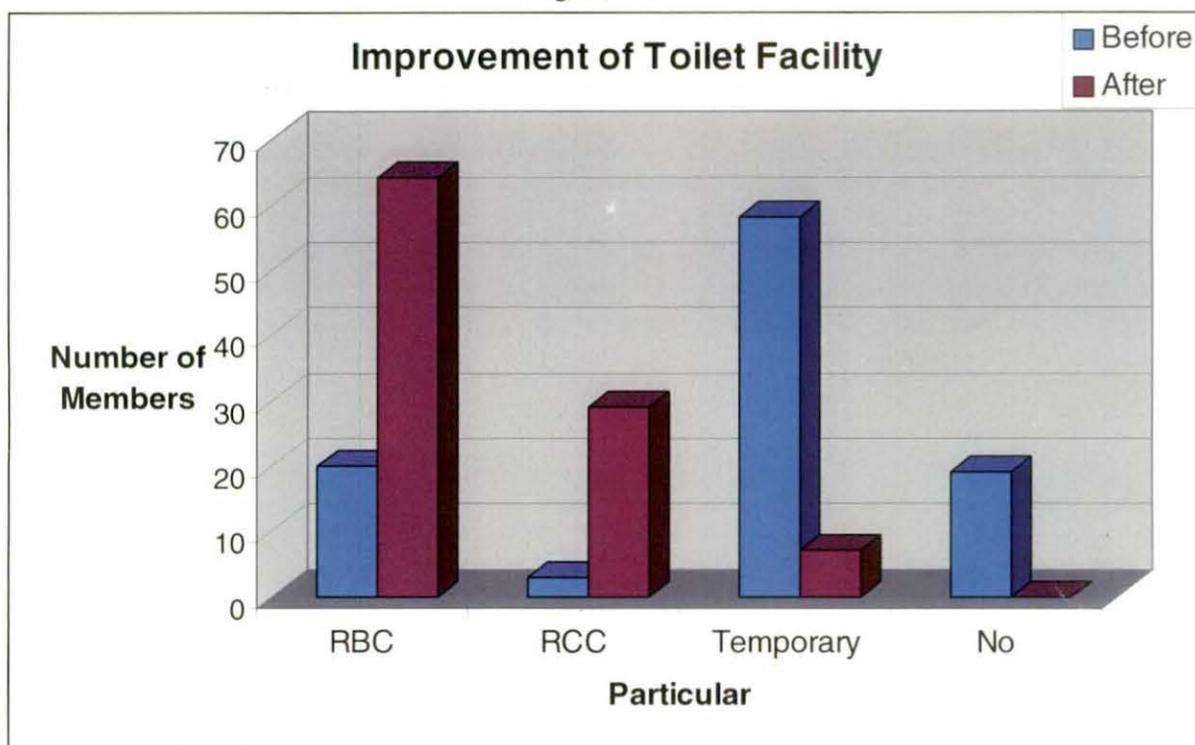
Source: Field Survey.

Table - 5.4 shows the actual condition of the toilet facility of the villagers during two time periods. There were 19 percent people in the past who had no toilet facility. About 58 percent people had temporary toilet made of dry grass, hey and broom sticks. Only 3 percent members had RCC and 20 percent had RBC toilet in the past. It means only 23 percent (RCC+RBC) people had permanent toilet facility before involving in cooperatives whereas 58 percent had temporary and 19 percent had no toilet facility in the past. There has been a huge increase in the number of permanent toilet during this period (RCC+RBC). Almost all members now have the toilet facility after the membership and involvement in the activities in the cooperatives. Only 7 percent people have the temporary toilet facility. It means there has been 88 percent improvement in temporary toilet facility. Only 20 percent members had RBC toilet in the past whereas 64 percent members have RBC toilet now. In the same way there

were only 3 percent members who had the RCC toilet in the past but there is 29 percent RCC toilet facility for the members nowadays. This condition shows an improvement in toilet facility due to the membership in the cooperatives and involvement in the cooperative activities.

The following Figure 5.3 shows the condition of improved toilet facility of the members before and after involvement in cooperative societies.

Figure -5.3



Source: Field Survey.

The Figure - 5.3 represents that the members improved the toilet facility after having membership. Almost all members have the improved toilet facility now compared to the past time. They made these RCC and RBC toilet by the assistances and the knowledge sharing with the cooperatives.

5.1.5 Availability of Safe Drinking Water

Safe drinking water is the basic need of the people in the world. Due to lack of such pure drinking water, many people suffer and die in developing countries of the world. Nepal also suffers from scarcity of such water and many people are still suffering from it. In our study area, the availability of safe drinking water is improving gradually. Those people who used spring, lake and river water for drinking in the past, have now started using pipeline, tube-well, well water for drinking purpose. These sources are proved to be better compare to spring, lake, pond, etc. Most of the people are using these resources in the recent days in the study area.

The Table 5.5 below shows the availability of safe drinking water in the study period before and after joining cooperative societies

Table -5.5

Availability of Safe Drinking Water

Particular	Before		After		%Change
	No. of members	Percentage	No. of members	Percentage	
Pipe line	14	14	45	45	221
Tube-well	55	55	49	49	-11
Well	24	24	5	5	-79
Others	7	7	1	1	-86
Total:	100	100	100	100	0

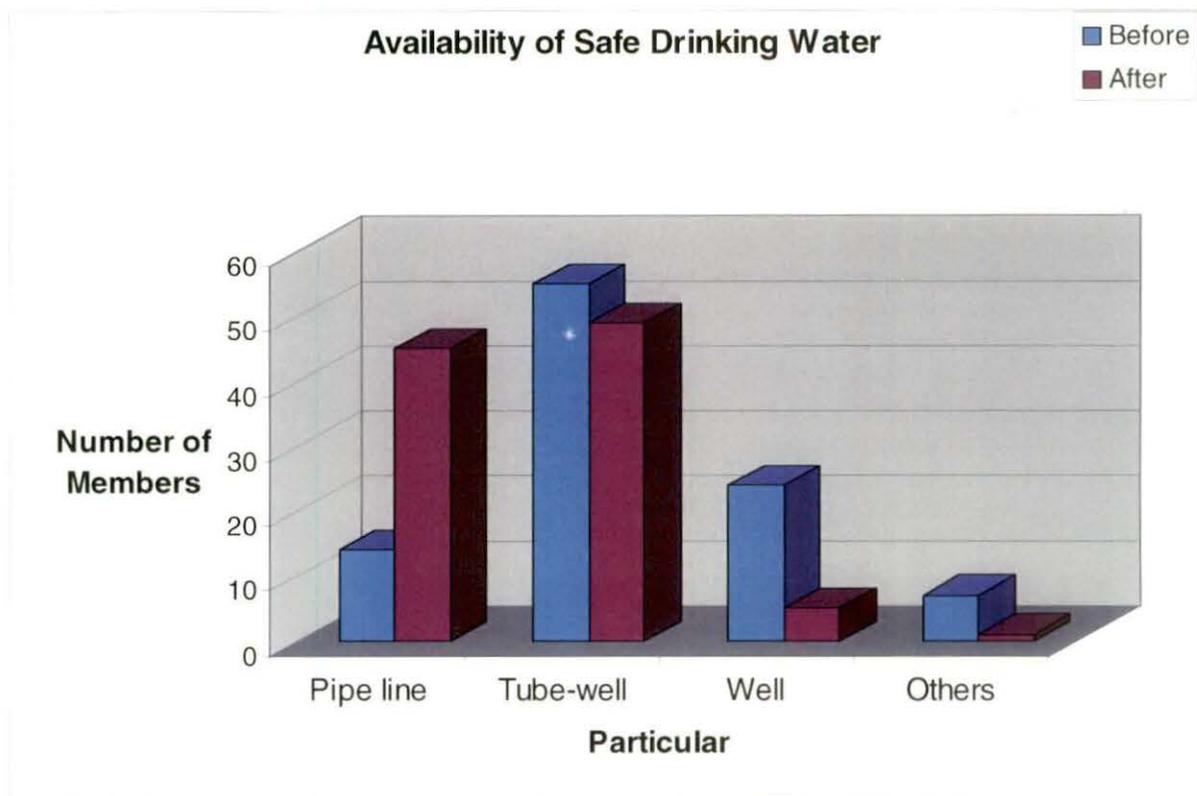
Source: Field Survey.

Table - 5.5 shows the improved situation of safe drinking in the study period. Those people who used other sources of water such as spring, river etc.; are now using either well or tube-well or pipeline water. Therefore, 86 percent people upgraded their drinking water sources. In the same way, 79 percent people have started to drink either tube-well or pipe line water now. There are 11 percent people who upgraded the tube-well water into pipeline water for safety. But in the past, more people used low-grade water resources for drinking. Only 14 percent people used pipeline and 55 percent used tube-well water in the past. Again in the same way, 24 percent people used well water and 7 percent used other sources such as river, spring and pond etc. Now there are 45 percent people who have the pipeline water, which is most safe

water. In the same way, 49 percent people have the tube-well water and only 5 percent have well water.

The following Figure 5.4 shows the availability of safe drinking water to the members before and after involvement in cooperative societies.

Figure - 5.4



Source: Field Survey.

Figure -5.4 shows the improvement in the safe drinking water in the study area during the given time period. Due to the cooperative activities in the villages, most of the members have become aware about health and sanitation so that they built up or upgraded their safe drinking water sources. It is believed that pipeline water as well as tube well water sources are safe and hygienic compared to other water sources. The number of members using safe drinking water sources is gradually increasing. The user of other water sources, like well and tube well user are gradually decreasing on the one hand, while the user of pipeline water is increasing tremendously on the other hand. In the figure, the pipeline water source users are increasing in the societies whereas users of other sources are decreasing continuously. The change percent on

the Table- 5.5, the using of sources shows that only the number if pipeline users are increasing and users of all other sources are decreasing.

5.1.6 Loan Obtaining Facility

Loan is the necessary productive input for the resource less people, company, institution and firms to fulfill in resource gap. In the past, it was very much difficult to obtain loans from the institutional sector. There was no proper source of finance, which easily provides loan to the people. There were many difficulties for obtaining loan facility. Some problems were related to funds whereas others were related with rate of interest. In the same way, the terms and conditions applied for the loans were difficult. The following Table 5.6 shows the loan obtaining facilities of the members before and after taking membership. Major percent of the respondents agreed that the loan facility was not easily available in the past compared to now.

Table – 5.6
Loan Obtaining Facility

Particular	Before		After		% Change
	No. of members	Percentage	No. of members	Percentage	
Better & Easy	5	5	94	94	1780
Difficult	76	76	3	3	-96
No	19	19	3	3	-84
Total:	100	100	100	100	0

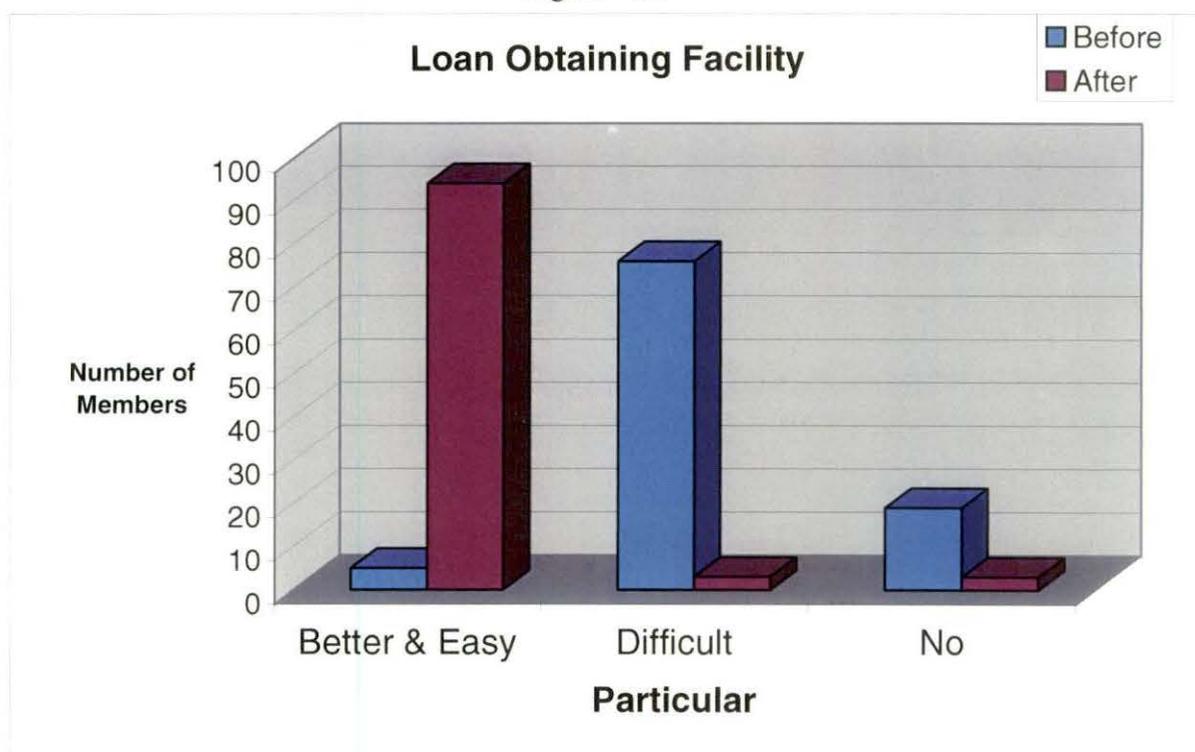
Source: Field Survey.

The Table - 5.6 shows that 19 percent people had no loan facility in the past, whereas 76 percent people found obtaining loan as difficult task. Some of them had to pay food grain, fruits, labor support and free services of long time (such as Kamaiya & Kamlari) as additional charges for getting loan. Only 5 percent people got loan easily. But after launching various cooperatives in the societies, only 3 percent respondent have no loan obtaining facility due to the lack of proper project and schemes, which are to be presented to the authorities. Still some of the people feel that obtaining loan is a difficult task due to the ignorance about the system. Only 3 percent people feel that obtaining loan is a difficult thing. The huge numbers of people, i.e., 94 percent people feel that loan obtaining facilities is better now than before. It means the loan obtaining facilities provided by the cooperatives are better and easy rather than earlier

time. In the banking system, there is complicated process for getting loan. There are the processes of application, estimation of collateral, determination of amount, approval of amount, signing of agreement, transferring the ownership of collateral to the bank, management of witness, amount to be paid as commission, different documents etc. These complicated processes lure people towards the cooperatives where there are simple formal processes for obtaining loan.

The following Figure 5.5 also depicts the loan obtaining facilities of the people before and after membership in the cooperative societies.

Figure - 5.5



Source: Field Survey.

The Figure -5.5 shows the overall loan obtaining facilities of the people before and after the involvement in the cooperatives. Now most of the members have the access over loan getting. They feel better and easy task to get the cooperative loan. Therefore 94 percent members are now acquainted with and have the knowledge about cooperatives resources, which is better and easy for them. Only 3 percent members have no loan obtaining facilities. Three percent feel it as difficult work, but the condition is quickly improving in the societies. People have the trust about the loan

facility provided by the cooperatives rather than in the past by the other institutions like banks and other financial institutions. The majority of respondents agreed that the cooperatives are the better and easy source of finance.

5.1.7 Sources of Fuel Used in the Family

Nepalese society is the primitive cultured society where there were/ is different superstitious belief and old thinking. They followed old and traditional thing either for the culture or for the household decision. They have used firewood for cooking food since long time period. Villagers usually make use of firewood, briquette, dry herbs, shrubs etc. for the purpose of cooking, lighting and heating since the past. These sources of fuel are nuisance for the human health. Gradually these fuel resources are considered as unsafe by the people and replaced by the other resources, which are dearer than firewood. But the people are now using the better sources of fuel for their easier life and for good environment.

The following Table 5.7 shows the improved situation of fuel sources of the people in the societies.

Table -5.7
Sources of Fuel

Particular	Before		After		%Change
	No. of members	Percentage	No. of members	Percentage	
Fire Wood	67	61.5	12	11.2	-82
Kerosene	33	30.3	7	6.5	-79
Biogas	6	5.5	25	23.4	317
L.P. gas	1	0.9	61	57.0	6000
Others	2	1.9	2	1.9	0
Total:	109	100.0	107	100.0	-2

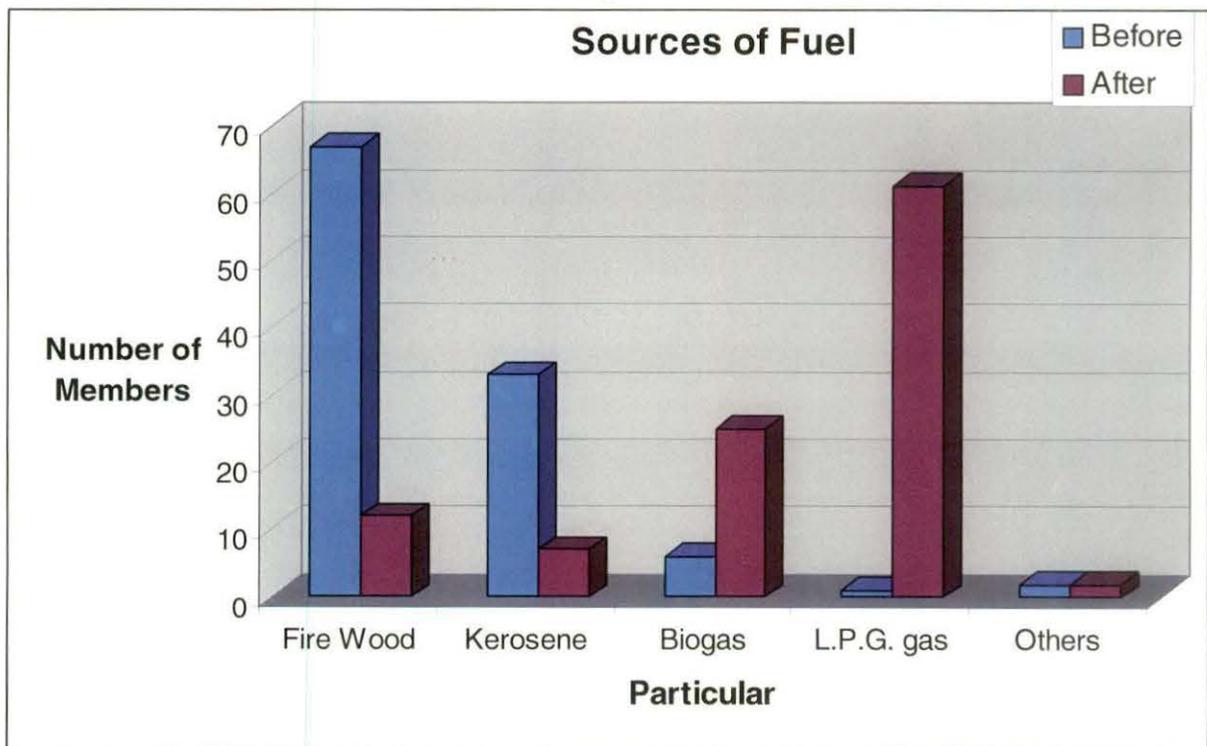
Source: Field Survey.

Table - 5.7 shows the different sources of fuel used by the people during study period. The firewood was the main sources of fuel in the past. About 61.5 percent people used firewood as source of fuel. Similarly, 33 percent people used kerosene as the source of fuel. Only 6 percent people used Biogas, one percent used L.P. gas and 2 percent used others sources of fuel such as briquette, dry herbs, shrubs etc. in the

earlier because of the contribution of cooperative's activities. The uses of firewood declined by 82 percent in given time period. Similarly, the use of kerosene is declined by 79 percent after the membership in the cooperatives and involving in the activities. But the more hygienic biogas and easier L.P. gas user increases tremendously replacing other fuel sources. Now there are 23.4 percent people using biogas and 57 percent people are using L.P. gas as the sources of fuel. Other sources (electricity, briquette etc) are using constantly by the members by 1.9 percentage. Some of the people used more than one sources of fuel for their family, so the number of members exceeds more than hundred even though the sample size taken as hundred. This change of social status of the people shows the contributions of cooperatives for the betterment of the societies. Fuel consumption pattern is shifted to gas, biogas instead of kerosene and firewood. This proves the increasing status of the members through the medium of co-operatives.

The following Figure 5.6 shows the improved situation of the cooperatives members in the study area regarding use of fuel.

Figure -5.6



Source: Field Survey.

The Figure -5.6 shows the fuel consuming condition of the members' people before and after the membership in the cooperatives. Some of the cooperatives

The Figure -5.6 shows the fuel consuming condition of the members' people before and after the membership in the cooperatives. Some of the cooperatives provide technical assistance for the biogas projects and have given loan for the purchase of L.P. gas also. Drastic changes were found in the uses of firewood and kerosene. It means now a few people only are the users of such sources. In the other hand, 23.4 percent people in the place of 5.5 percent are the users of biogas. In the same way, 57 percent people are the users of L.P. gas nowadays whereas in the past there were one percent people in this category. Those people who were using firewood and kerosene in the past have shifted them to the use of biogas and L.P. gas nowadays because of the awareness and resources obtained from cooperatives societies.

5.1.8 Adequacy of Loan Amount

There are a lot of members out of which 100 members are taken as the random sample survey. Those respondents showed the loan sufficiency among them as aggregate. There is a little member who answered as the insufficiency of the loan amount in the study area.

The Table 5.8 below shows the adequacy of loan amount provided by the cooperative societies.

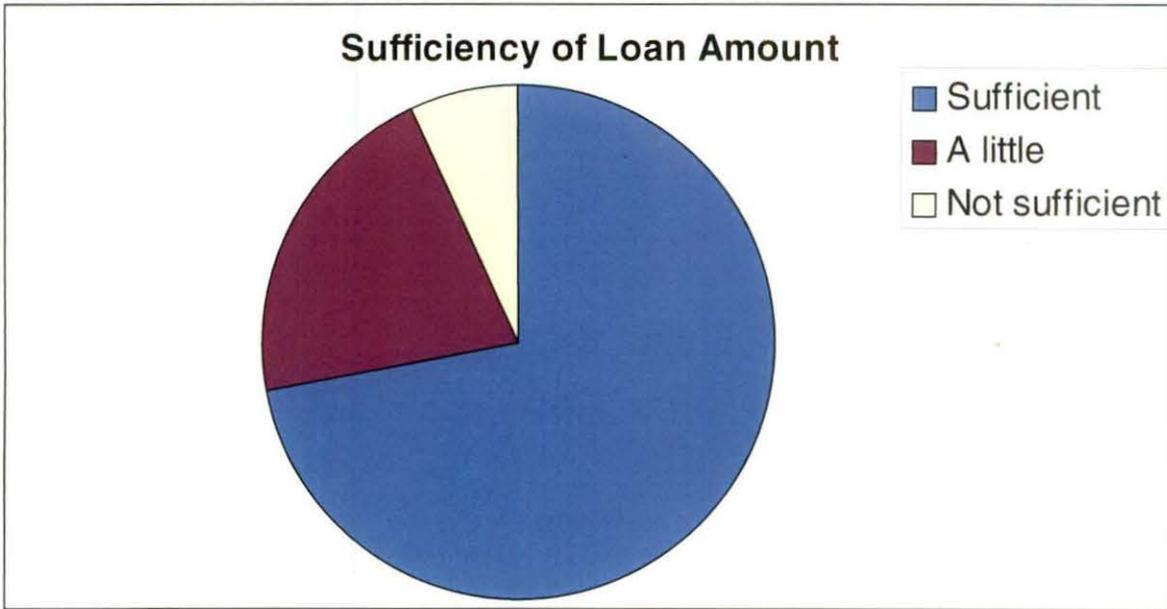
Table - 5.8
Adequacy of Loan Amount

Particular	No. of members	Percentage
Sufficient	72	72
A little	21	21
Not sufficient	7	7
Total:	100	100

Source: Field Survey.

The Table - 5.8 shows the loan adequacy among the members. About 72 percent member people feel the satisfactoriness of loan amount. Only 21 percent members feel the loan amount is too little so that it needs to be increased. Similarly 7 percent members answered that the loan amount is not sufficient for them. But still they are getting a little amount of loan from the institutions. Most of the members feel it as sufficient so that cooperative societies are helpful for providing loan to the people.

Figure -5.7



Source: Field Survey.

The Figure - 5.7 is the representative scenario of adequacy of loan amount to the members. The loan amount is sufficient for 72 percent people as shown in the greater part of the figure. Some people estimated that, the loan amount was a little amount. Only 7 percent people disagree the sufficiency of loan amount and oppose that is not sufficient. People from lower class and lower middle class always estimate that money is sufficient but other groups estimate it as little or not sufficient.

5.1.9 Comment on Cooperative Services

In the country, banks and financial institutions services estimated more deliberate than what consumers' expectation is. But in present situations it cannot permit such sluggish, because of the consumer choice and fast moving banking culture. There are many processes for getting advance from the commercial bank, finance company and development banks. Cheques drawing and transferring process also seemed to be complicated matter for the simple consumers. Therefore most of the people get the membership in cooperatives and have the transaction on these societies. The people from study area commented on the quality of delivery of services of the cooperatives in form of saying either fast or simple or slow.

societies. The people from study area commented on the quality of delivery of services of the cooperatives in form of saying either fast or simple or slow.

The Table 5.9 below shows the different types of comment on delivery of services of cooperatives.

Table -5.9
Comment on Cooperative Services

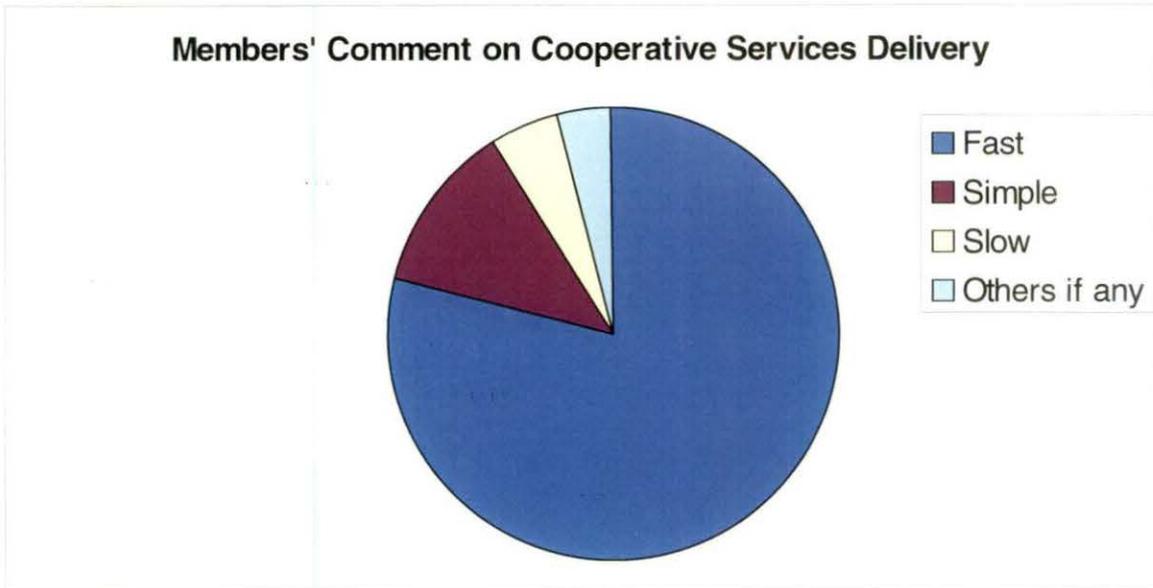
Delivery of Services	No. of members	Percentage
Fast	79	79
Simple	12	12
Slow	5	5
Others, if any	4	4
Total:	100	100

Source: Field Survey.

The Table - 5.9 above shows the smooth delivery services of the cooperatives societies in the economy. Most of the people feel it as fastest services provider institutions. It shows that 79 percent people felt the cooperatives services as the prompt service. Only 12 percent respondents believed cooperatives as the simple services provider. 5 percent accused cooperatives as slower service giver, whereas only 4 percent have no answer about that. Thus the service of the cooperatives is more helpful compared to other institutions. Process of obtaining loan and taking back the deposited amount in the cooperatives is easy. Therefore cooperatives are the better service provider institutions in the societies.

The following Figure 5.8 shows the pie-diagram of the comments of the cooperative members regarding the nature of service delivery.

Figure -5.8



Source: Field Survey.

The Figure - 5.8 shows the quality of cooperatives services delivery as reflected in the comments on their members. The picture depicts that almost all member felt the cooperatives services as the prompt services in the societies. Only 12 percent of the members felt the services as simple. The 5 percent members commented the service as slow. Besides these comments, some of the members commented cooperatives differently as slow services provider. Others liked to feel cooperatives as family organization, which provides services to their family members as quickly as they can. These all comments show that the cooperatives services are providing faster services on the whole.

5.1.10 Improvement in Village after Launching Cooperatives

The cooperatives movement in the society changes the face of the villages' people in the economy. In Nepal, most of the people had no chance to save money in the financial institutions because of the geographical difficulties, safety and the cost of services for it. Because of the hilly nature and less density of population in that territory, the costs of services are higher. Therefore, those people had no opportunity for saving the resources and obtaining the resources according to their needs. But the introduction of the cooperatives in a huge number provided the services safe and cost

effective way. For this purpose they utilized the local human resource, which is proved to be low cost and safe in the society.

The following Table 5.10 shows the improvement in the village after launching the cooperatives.

Table -5.10
Improvement in Village after Launching Cooperatives

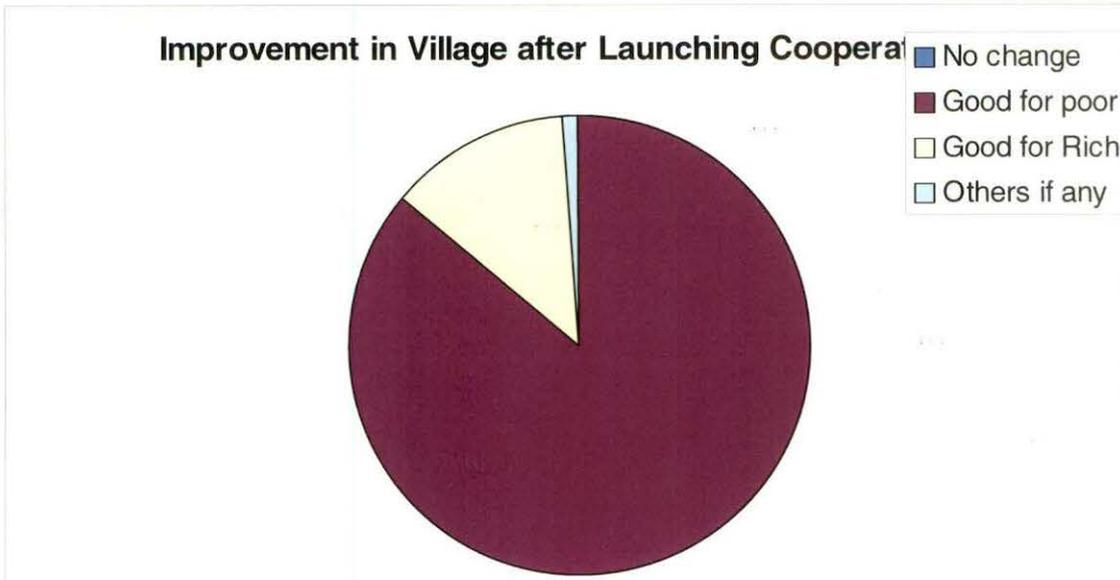
Particular	No. of members	Percentage
No change	0	0
Good for poor	86	86
Good for Rich	13	13
Others if any	1	1
Total:	100	100

Source: Field Survey.

The Table - 5.10 shows that the cooperatives activities in the villages proved good for poor because about 86 percent members responded that these are good for the members. It means these are helpful for the poorer people in the villages. Some of the respondents stressed that these cooperatives are absolutely good for poor but not for others. Only 13 percent members argued that they are good for richer group of the people. Only one percent member has no sense of improvement so that they do not show the concern about the betterment of the economy. This Table shows that the cooperatives are better medium of improvement in the villages.

The following Figure 5.9 also depicts the clear picture of the improvement in the villages after launching the cooperative services.

Figure -5.9



Source: Field Survey.

The Figure - 5.9 signifies that 86 percent members declared cooperatives are good for poor people rather than rich people in the societies. They believed that their cooperatives have helped them for maintaining the better standard of living. Almost all members accepted that these are helpful for the members so that these bring changes in the society. Only 13 percent of the members' believed that the cooperatives are helpful for richer section of the people rather than poor. Only one percent has no acquaintance on the improvement in the village after launching cooperatives in the villages. Major percentage of members believed that the cooperatives are good for the poor.

5.1.11 Comments on Cooperative's Programme

The cooperative societies launched many plans and programmes for members and in the villages. Different literacy programmes, modern agriculture skill development programmes, livestock such as animal husbandry, knitting and sewing training and chemical fertilizer using technique etc. are the major programmes of the cooperative societies in the villages. While making field survey, we asked the question: Are the programmes sufficient to the members? The member's responded that these are sufficient for them. They get loan as well as technical support from

cooperatives. Some of the members wanted that new programmes be introduced for them.

The following Table 5.11 shows the comments of the members of cooperative societies in the villages regarding sufficiency of the programmes introduced.

Table -5.11
Comment on Cooperative's Programme

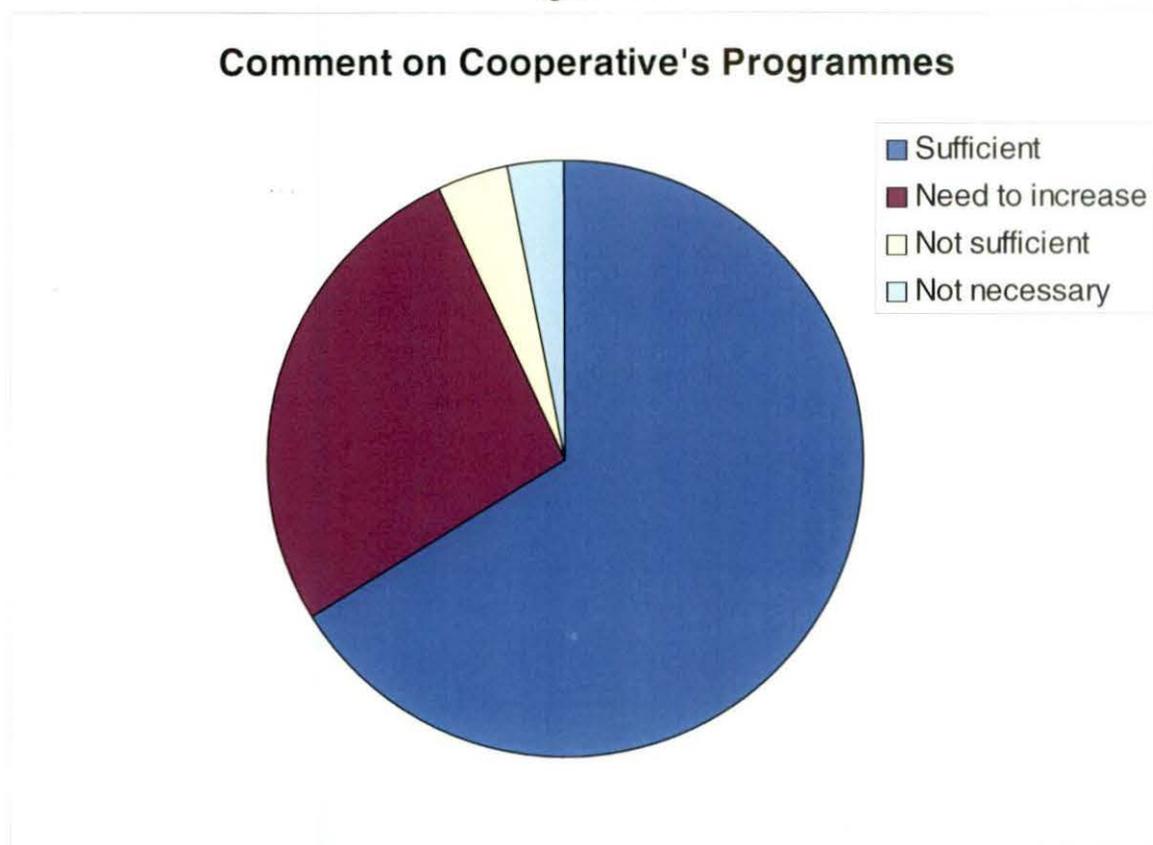
Particular	No. of members	Percentage
Sufficient	66	66
Need to increase	27	27
Not sufficient	4	4
Not necessary	3	3
Total:	100	100

Source: Field Survey.

Table -5.11 shows the availability of cooperatives program among members. Most members feel that the programmes launched by the cooperatives are sufficient. Numerically 66 percent members answered that cooperatives programme are sufficient. Out of the total respondents, 27 percent members expected the program should be increase. Only 4 percent members claimed that the programmes are not sufficient. There are some members who have no opinion for cooperatives services so that they commented as not necessary to launch any more programmes. The cooperative societies provides health check up camp, agricultural tour, livestock technology, literacy programme, formation of group among members for providing loan and other facilities, dairy development programme, group insurance programme, student scholarship programme among members family and other social benefit work in the societies. Major percentage of the respondents agreed that the cooperative society's programmess are sufficient to them to fulfill the needs. The above Table provides information about cooperatives programme, which are sufficient for the members.

The Figure 5.10 below also shows the comments of members on cooperatives programme in the study area.

Figure -5.10



Source: Field Survey.

The Figure -5.10 shows the overall comment on cooperatives programmes by the members, which are launched by the cooperative societies. There are 66 percent members who feel that the cooperatives programmes are sufficient. On the other hand, 27 percent members expect that those services should be increased for the members. According to them - member's money remit programme, self-help group programme, crop insurance, livestock insurance, member's family insurance etc. should also be included in the programme of the societies. Only 4 percent members feel that the services are not sufficient among members. Again 4 percent respondents feel the programme as unnecessary, which are time consuming. But in aggregate, majority of the respondents feel that it is sufficient for members.

5.1.12 Loan Repayment of cooperatives

In Nepal, there is a problem of loan repayment for the banks and financial institutions. Many borrowers do not repay loan in proper time. By this, many banks have serious problems of bad debts. The two big government banks (Rastriya Banijya Bank, Nepal Bank Limited) have nearly 40 percent bad debts and non-performing assets in the past. The people have the culture of taking loan any way but do not return. But in the cooperative societies, most of the members returned the taken loan in due time. It is because of the feeling of ownership and the knowledge of cooperation.

The following table 5.12 shows the loan repayment of the members to the cooperatives institutions.

Table -5.12

Loan Repayment in Cooperatives

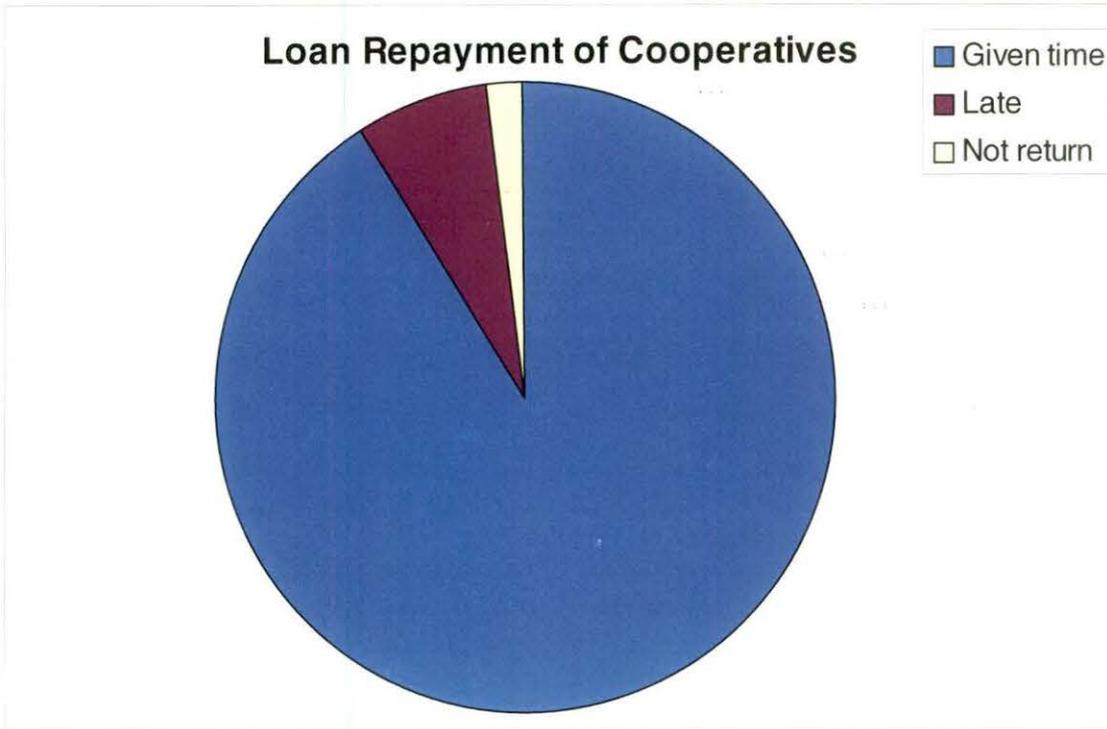
Particular	No. of members	Percentage
Given time	91	91
Late	7	7
Not return	2	2
Total:	100	100

Source: Field Survey.

The Table - 5.12 shows that the members returned the taken loan on given time. At least 91 percent members had returned the taken loan in given time. Only 7 percent members returned it late time and 2 percent members had not yet returned the given loan amount. Major percentage of members had returned the loan amount in the institutions because of the policy and plan as well as the sense of belongingness of the members in the cooperatives. Those members who returned it late have the problem in the projects they launched. The problems are death of livestock, destruction of crops by insects, animals and natural calamities, illness and diseases to the members, fire and theft etc. Those amounts which are not returned back to the cooperatives are due to the disappearances and the death of members. But these items are in nominal percentages where as major percentages are returned the loan amount in time.

The following Figure shows the loan repayment position of the members.

Figure -5.11



Source: Field Survey.

Figure -5.11 shows the overall loan repayment condition of cooperative societies in the study area. It can be seen that 91 percent respondents agreed that they returned the taken loan amount in given time. Only 7 percent members were late in repaying the loan. But such delayed repayees are to pay some extra amount of money as penalty charges. Hence, they try to returned it in due time. Only two percent members, did not return the given amount of loan in given time or time period. Besides these exceptional cases, most of the loanee members repaid their loan in due time. So, the loan recovery of cooperatives is in better situation than other financial institutions, during the time of conflict in the economy of Nepal.

5.1.13 Increment in Farm Product of Members

The cooperative members in the societies have the knowledge of better technique of production in the field of agriculture farm. They adopted the modernized technique and improved seeds for farming in the land. Hybrid livestock, nutrient feeding, improved habitat and heating are the basic needs for the livestock, which are available in the study area for farming. They were able to earn money by cash crops

such as vegetables, raw jute and seasonal fruits etc. They also earned some good amount of money by selling livestock such as pigs, goats, chickens etc. in the market. Animal husbandry such as rearing of goat, milk cows and buffalo etc. provided earning opportunity to the farmer. In all these sectors, these cooperatives provided loan assistance to the members.

The Table 5.13 below shows the increment of the farm product of members in the study area during the conflict period.

Table -5.13
Increment in Farm Product of Members

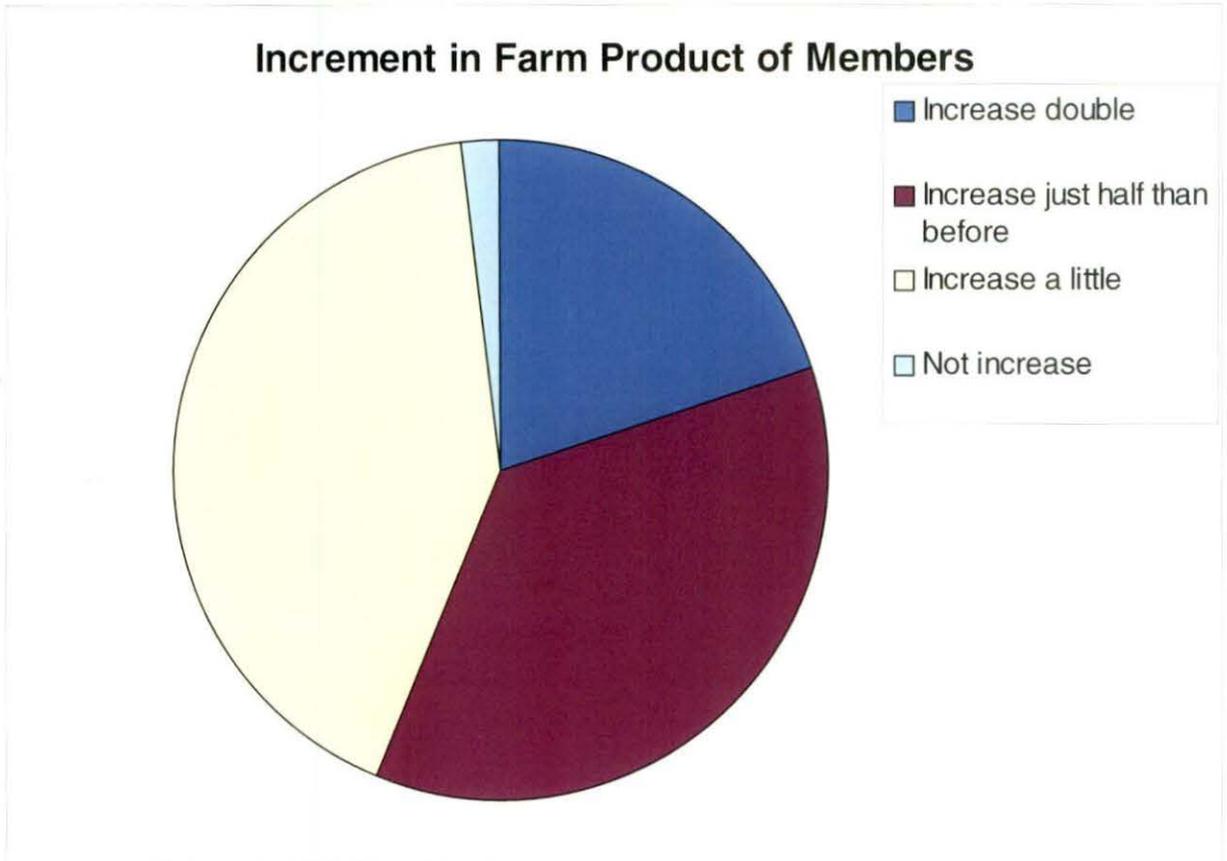
Particular	No. of members	Percentage
Increase double	20	20
Increase just half than before	36	36
Increase a little	42	42
Not increase	2	2
Total:	100	100

Source: Field Survey.

The above Table -5.13 shows the state of improvement of farm product in the study area after involving in the cooperatives in the severe conflict period. Most of the members were able to produce more farm product in the study period. 98 percent members have the experience of producing more farm product compared to earlier time. It means 20 percents members have increased their farm product by double quantity compared to what they produce earlier time, after the involvement in the cooperatives. 36 percent members responded that they increased just half quantity of output compared to what they produced earlier time period. The members felt that they increased farm product a little rather than what they had produced earlier. 42 percent members increased a little farm product after the involvement in the cooperatives activities. Only 2 percent members could not make any additional output by the help of the cooperatives in the study area. Therefore, cooperatives on the whole are helpful for the increment in the farm products.

The following Figure 5.12 shows the increment of the farm product of the members on the study period.

Figure -5.12



Source: Field Survey.

The Figure -5.12 shows the increment of farm products of the members in the study area with the help of cooperatives. 20 percent members have increased the farm product by double quantity compared to what they produced earlier time where as 36 percent members increased just half quantity than they have produced earlier time period. Moreover, 42 percent increased a little more quantity of output than earlier period. Only 2 percent members were not able to increase output compared to earlier volume of production.

5.1.14 Status of Cattle Belonging

The members of the cooperatives kept the certain numbers of cattle in their farm. These are either for the own use or for the business purposes. They are used mainly for the milk producing purpose. The quantity of milk may be either for self-consumption or for the selling in the market. Member people kept those cattle by the financial assistance of the cooperatives too. The status of cattle belonging of the

It is notified that the numbers of cattle holder members are decreasing but the remaining members are increasing their status.

The following Table 5.14 can represent the status of cattle belonging of the members in the study area.

Table -5.14
Status of Cattle Belonging of Members Before and After Joining Cooperative

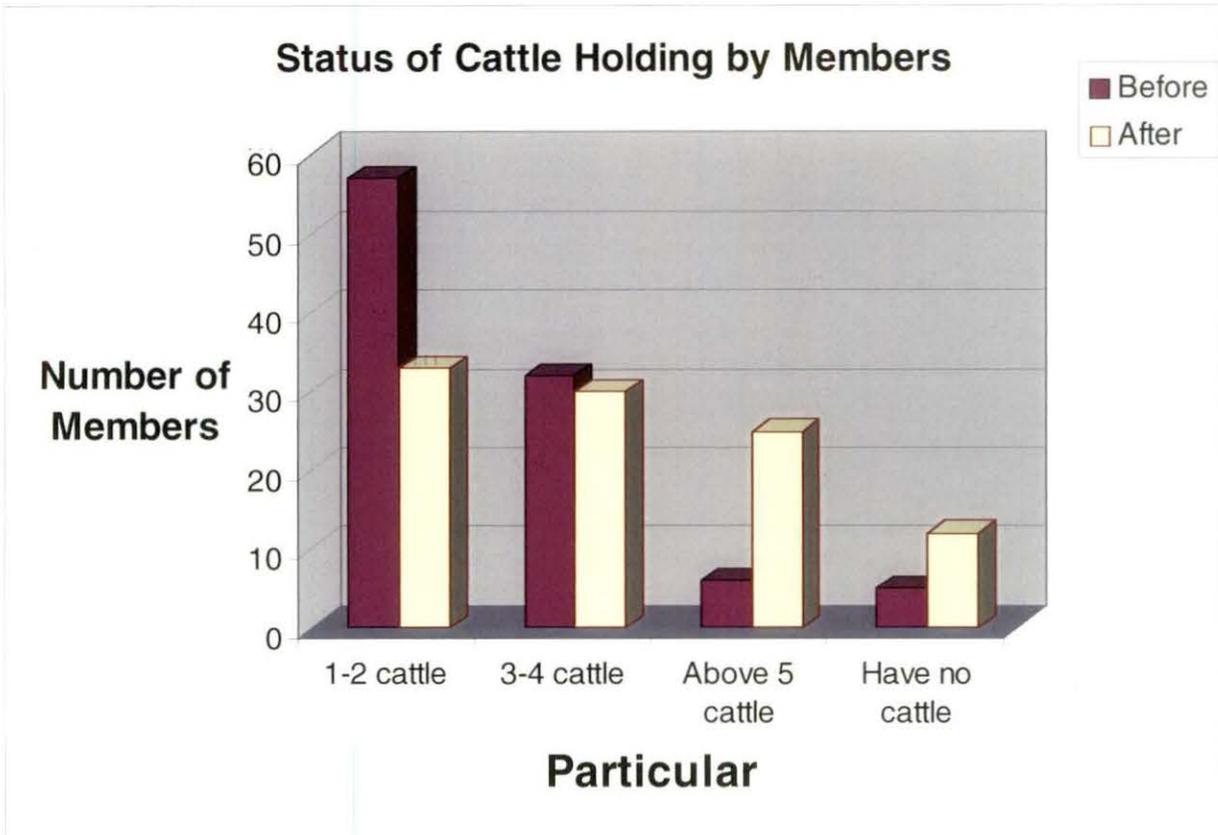
Particular	Before		After		%Change
	No. of members	Percentage	No. of members	Percentage	
1-2 cattle	57	57	33	33	-42
3-4 cattle	32	32	30	30	-6
Above 5 cattle	6	6	25	25	317
Have no cattle	5	5	12	12	140
Total:	100	100	100	100	0

Source: Field Survey.

The above Table -5.14 shows the comparative status of cattle belonging of the members before and after the membership in the cooperatives. There were 57 percent members having 1-2 cattle before where as there are now 33 percent members for the same quantity of cattle. It means they have reduced the numbers of cattle due to their engagement in other activities after involvement in the cooperatives. There were 32 percent members having 3-4 numbers of cattle where as there are 30 percent people for the same. It means either have they reduced the cattle for modernization or they are engaged in other business in the study area after joining the cooperative. There were 6 percent members having above 5 cattle in the past but now there are 25 percent members having above 5 cattle. It means those members are now keeping more cattle for business purposes after the membership in the cooperatives. Only 5 percent members had no any cattle in the past whereas 12 percent members now have no any cattle after the membership in the cooperatives. It means they have diversified their business or the occupation.

The following Figure 5.13 represents the situation of cattle holding by the members in the study area.

Figure -5.13



Source: Field Survey.

The Figure -5.13 shows the cattle holding status of the members before and after the involvement in the cooperatives. The less quantity of cattle holder number of the members seemed to have decreased after taking membership in the cooperatives. It is because they transformed their occupation to the other sectors. But percentage of higher numbers of cattle holders' increased due to the commercialization of the same occupation by them. In the figure, the number of members having 1-2 numbers of cattle decreased from 57 to 33 percent. In the same way, the number of members having 3-4 cattle decreased from 32 to 30 percent. But there is increment of members from 6 to 25 percent who kept more than 5 cattle. It means they have commercialized the cattle holding. Again the percent of the members having no cattle also increased from 5 to 12 percent. It means they have transformed their occupation after the involvement in the cooperatives.

5.1.15 Milk Selling Position

Some member farmers were found selling milk before and after the membership in the cooperatives. But the quantity of milk sold increased in the societies. Out of all members, 79 respondents were selling milk before membership where as 83 respondents are selling milk after the membership. More volume of milk is sold by the member nowadays than earlier time. It is found that there was milk producing group of farmers have hybrid cows and buffaloes, which improved the situation. Some of the members used milk as self-consumption and not sold in the milk market.

The following Table 5.15 shows the milk selling position of the members of cooperatives in the study area.

Table -5.15
Milk Selling Position of the Members of Cooperative

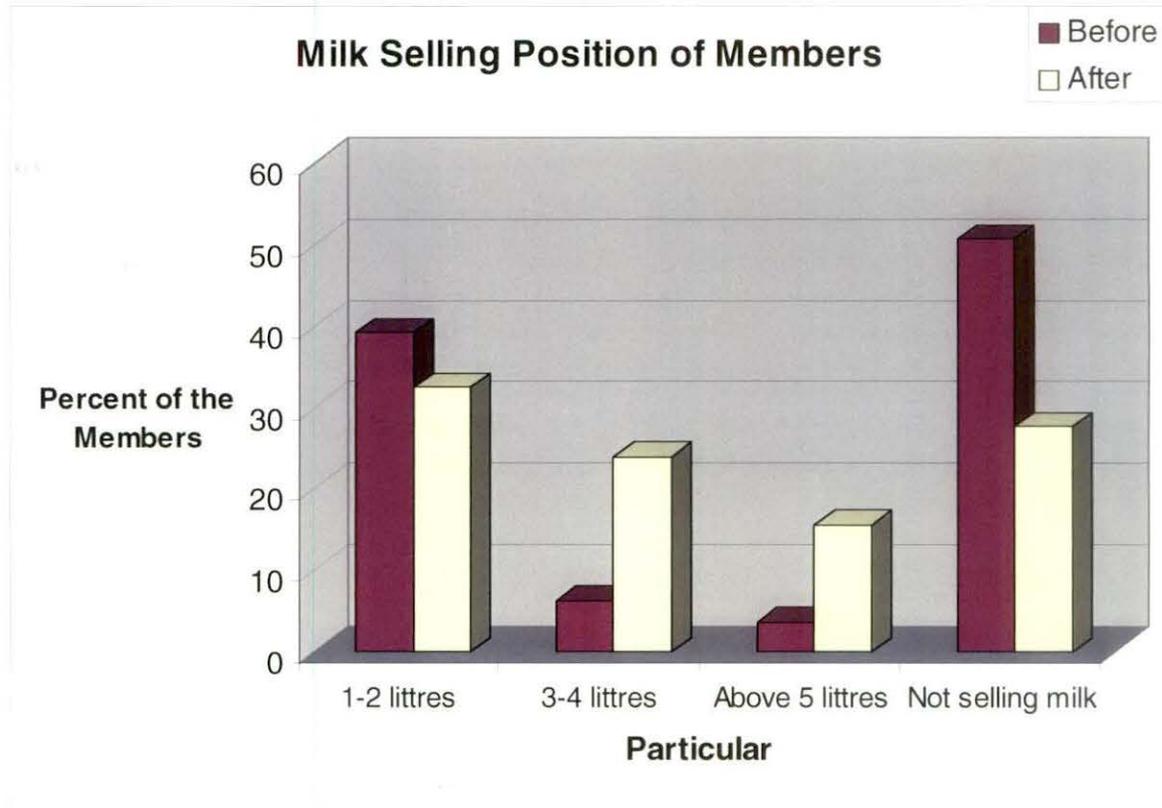
Particular	Before		After		% Change
	No. of members	Percentage	No. of members	Percentage	
1-2 litters	31	39.2	27	32.5	-13
3-4 litters	5	6.3	20	24.1	300
Above 5 litters	3	3.8	13	14.7	333
Not selling milk	40	50.6	23	27.7	-43
Total:	79	100	83	100	5

Source: Field Survey.

In the Table -5.15, it is found that 39.2 percent members were selling 1-2 litters milk daily before whereas there are only 32.5 percent members selling this much quantity of milk after the membership. Only 6.3 percent members were selling 3-4 liters of milk in the past where as 24.1 percent members now are selling that quantity of milk after taking membership in it. The milk seller number of members increased who sell above 5 litter milk daily. There were only 3.8 percent members selling above 5 liters of milk daily in the earlier time whereas there are now 15.7 percent members selling above 5 liters of milk daily. In the past, 50.6 percent members have no chance of milk selling but there are 27.7 percent members now who are not selling milk because of self-consumption, have no cattle, have no milk etc. Therefore, the milk selling position of the members has also improved than before their joining in the cooperatives.

The Figure 5.14 below shows the milk selling position of the members in the cooperatives societies before and after the involvement in it.

Figure -5.14



Source: Field Survey.

The Figure -5.14 shows the milk selling position of the cooperatives members before and after membership. The numbers of 1-2 litres milk sellers decreased by 13 percent than earlier time. But the numbers of 3-4 litres milk sellers increased by three times than earlier time. In the same way, the number of members who sell above 5 litres milk increased by 3.33 times in comparison to the earlier time. The number of milk seller increased after than before. It is because of the cooperation of the institutions for loan and technical assistance on animal husbandry.

5.1.16 Possession of Different Assets

Every member possesses some necessary assets. This kind of necessary assets may show the standard of living of the people. If the income of the people increases they initially spend the major part of income into consumption. Demand for durable goods increases with the increase in income.

The following Table 5.16 shows the possession of durable assets in the study area by the people.

Table -5.16
Possession of different Assets by Members

Particular	Before		After		% Change of members
	No. of members	Percentage	No. of members	Percentage	
Radio	56	28.6	81	13.5	45
Wall clock	33	16.8	71	11.8	115
Television	23	11.7	82	13.7	257
Tape recorder	9	4.6	57	9.5	533
Table	27	13.8	69	11.5	156
Chair	25	12.8	60	10.0	140
Gas stove	6	3.1	42	7.0	600
Bio-Gas	4	2.0	10	1.7	150
Mobile	1	0.5	45	7.5	4400
Telephone	7	3.6	47	7.8	571
Computer	5	2.6	36	6.0	620
Total:	196	100.0	600	100.0	206

Source: Field Survey.

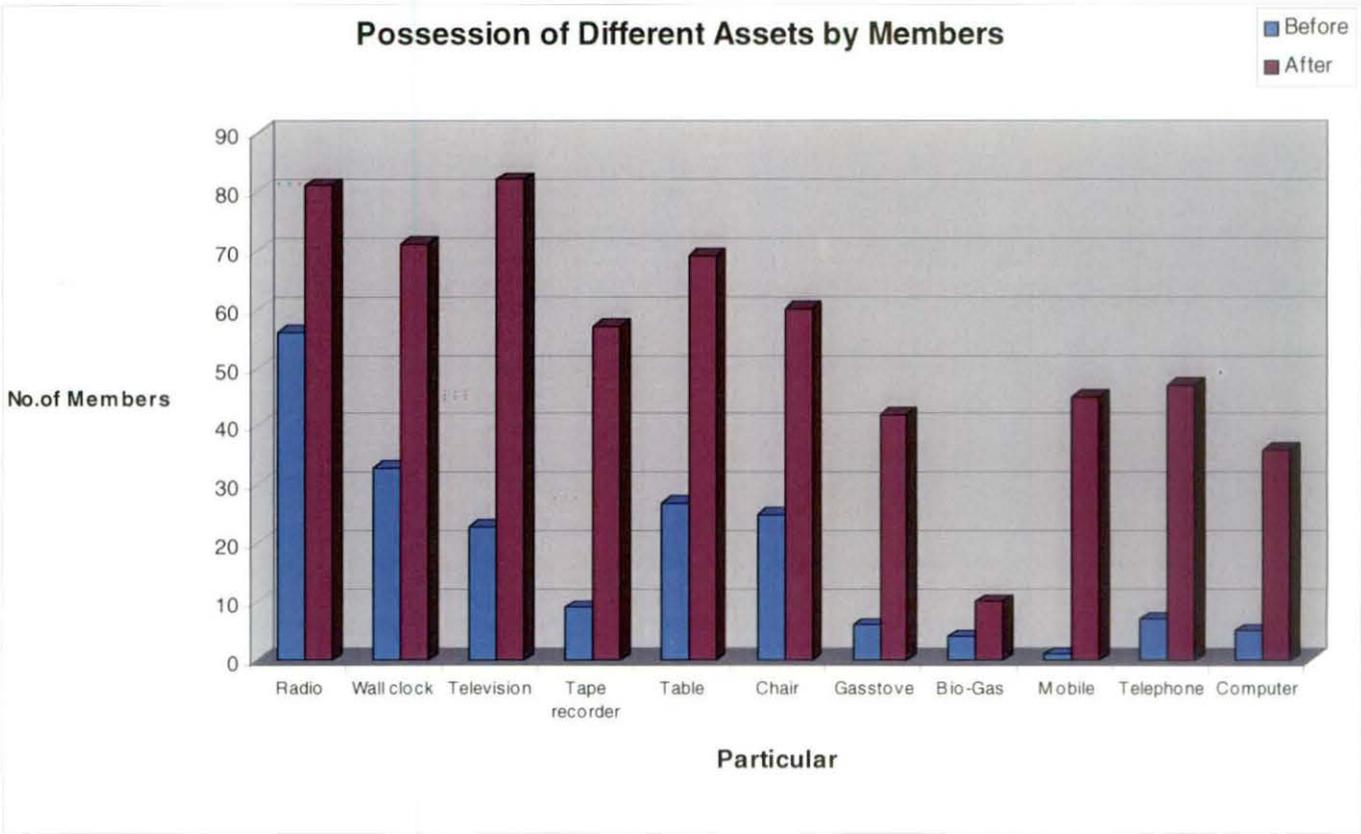
The Table -5.16 shows that 56 percent of all members have radio before involving in co-operatives. 33 percent have wall clock, it means 33 people out of 100 have wall clock. Only 23 people have television. Nine people out of 100 have tape recorder that constitute nine percent of the total area. 27 percent people had table and 25 percent had chair before involving in co-operatives. Six had gas stove; only 4 members had biogas and only one has mobile phone. Seven percent people had telephone and 5 percent had computer before involving in co-operatives. After involving in co-operatives, 81 members have radio that is 81 percent, which is 45 percent increase in total. In the same way 71 members have wall clock. There is an increment of 115 percent and became 71 percent of the total area. The possession

of television set is increase by 257 percent than before. It means 82 members out of hundred have the television set. The possession of tape recorder has increase by 533 percent than before. 57 members have tape recorder, which represent 57 percent members of the study area. Numbers of table and chair have also increased by 156 and 140 percent than before. Now 42 members out of 100 have gas stove and 10 members out of 100 have biogas plant, which represents 42 and 10 percent respectively. Again 45 members out of 100 have mobile phone and 47 members out of 100 have telephone line now. It is 45 and 47 percent of the total area. There are 36 percent members having computer sets after the involvement in the cooperatives. It is 620 percent increase than earlier time.

The possession of the durable assets now shows the improving condition of the members. Increased income by the co-operatives activities as well as incentives is use to buy such goods. This condition shows the poor members access to the resources. The loan facilities for purchasing consumers durables, building the biogas etc. provided by the co-operatives is continuously growing, which have multiple positive effects on the socio-economic condition of members.

The following Figure 5.15 also represents the possession of different assets of the members in the study area.

Figure -5.15



Source: Field Survey.

The Figure - 5.15 shows the possession of consumer durable goods by members of cooperatives in the study area. The consumption of the selected consumable goods is increasing continuously in the given time period. Most of the people have the more quantity of durable goods in comparison to the earlier time period. Radio, wall clock, television, tape-recorder, table, chair, gas stove, biogas, mobile phone, landline phone and computer are commonly used by the consumer members in the field area now. But this type of goods weren't available easily in the past time period. It means only a few number of members have the access over them. 81 percent of the members have radio nowadays where as 71 percent of the total members have the wall clocks. In the same way 82 percent have the television set and 57 have the tape recorder. The members have table, chair, gas stove, biogas, mobile, computer etc. in notable units. The quantity of these goods owned by members increased after taking membership in the cooperatives.

5.1.17 Land Ownership Patterns among Members

The cooperatives members are defined as equal right members among them. They are seemed to be equal in all respects. Their economic condition may also remain weaker in comparison to the rich people. If the same levels of the members are grouped in a society, their economic interest remains the same among the group. The land holding patterns of the members shows the resource condition of the members in the societies.

The following Table 5.17 shows the land holding position of the members in the study area in the given time.

Table -5.17
Land Ownership Patterns

Land holding	No. of members	Percentage
Below 1 Kattha	22	22
upto 2 Kattha	7	7
3- 5 Kattha	10	10
5- 10 Kattha	21	21
10- 1 Bigaha	10	10
Above 1 Bigaha	30	30
Total:	100	100

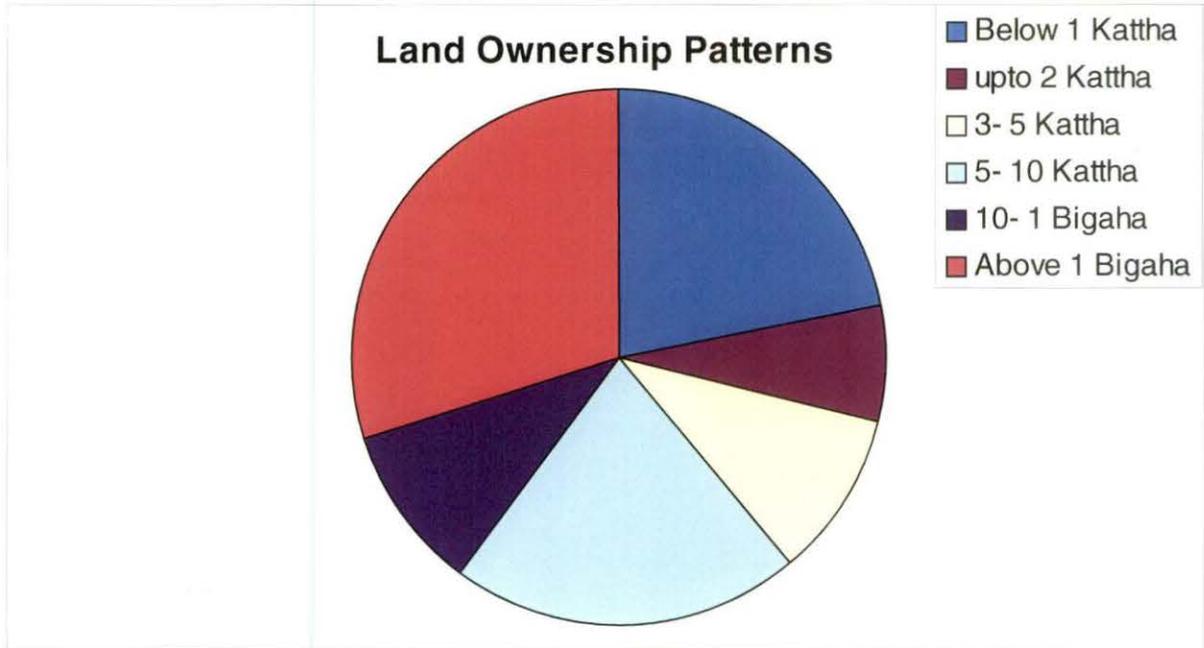
Source: Field Survey.

Note: 182.25 square feet = 1 Dhur, 3645square feet = 1 Kattha, 20 Kattha = 1 Bigaha

All members in the cooperatives societies own land. They all bought pieces of land by the increasing activities in the cooperatives. But they all are poor in the context of land possession. It means 70 percent members still have less or equal to one Bigaha of land which is defined as land poor group. But on the other hand, this much land possession is better in the poorest societies because there are many landless people in the country. There are 22 percent out of 100 people who have less than one Kattha of land whereas 7 percent have one Kattha, 10 percent have upto 2 Kattha. In the same way 10 percent members have 3-5 Kattha of land holding and 21 percent have 5-10 Kattha of land in their ownership. Only 10 percent have 10 Kattha to one Bigaha of land and 30 percent have above one Bigaha of land.

The following Figure 5.16 shows the land holding position of the cooperatives members in the study area.

Figure -5.16



Source: Field Survey.

The Figure -5.16 signifies that the member of the cooperatives have a piece of land for their own use or ownership. 22 percent members have less than one Kattha of land. Seven percent have 2 Kattha of land where as 10 percent have 3-5 Kattha of land in their ownership. 21 percent members have 5-10 Kattha of land and 10 percent have 10-20 Kattha of land. Thirty percent members have more than one Bigha of land. It means at least 70 percent members have less than one Bigha of land in their ownership. There is higher number of poor members in the cooperatives societies compared to rich members.

5.1.18 Interest Rate of Cooperatives

The rate of interest in the economy have played vital role for investment, saving and consumption necessity. The more is the rate of interest the more is the ratio of saving deposit. But it seriously disturbs the investment by low rate of invest where the rate of interest exceeds the marginal efficiency of capital. Due to the attraction of high rate of interest, people are encouraged to save more by cutting the consumption where as low rate of interest discourage to save and increase consumption. In the

cooperative societies, the rate of interest is balanced to solve the difficulties of high and low rate of interest. The lending and saving rate of interest in the cooperatives is appropriate rather than the rate of interest on informal sector. High rate of interest on saving and low rate of interest on lending in comparison to the other financial and formal institutions is the characteristic of cooperatives.

The following Table 5.18 shows the rate of interest of cooperatives on lending and saving on the behalf of the members.

Table -5.18
Interest Rate of Cooperatives

Interest Rate	Loan		Deposit	
	No. of members	Percentage	No. of members	Percentage
11 percent	6	6		
12 percent	28	28		
13 percent	22	22		
14 percent	23	23		
15 percent	16	16		
16 percent	5	5		
6 percent			17	17
7 percent			39	39
8 percent			25	25
9 percent			12	12
10 percent			7	7
Total:	100	100	100	100

Source: Field Survey.

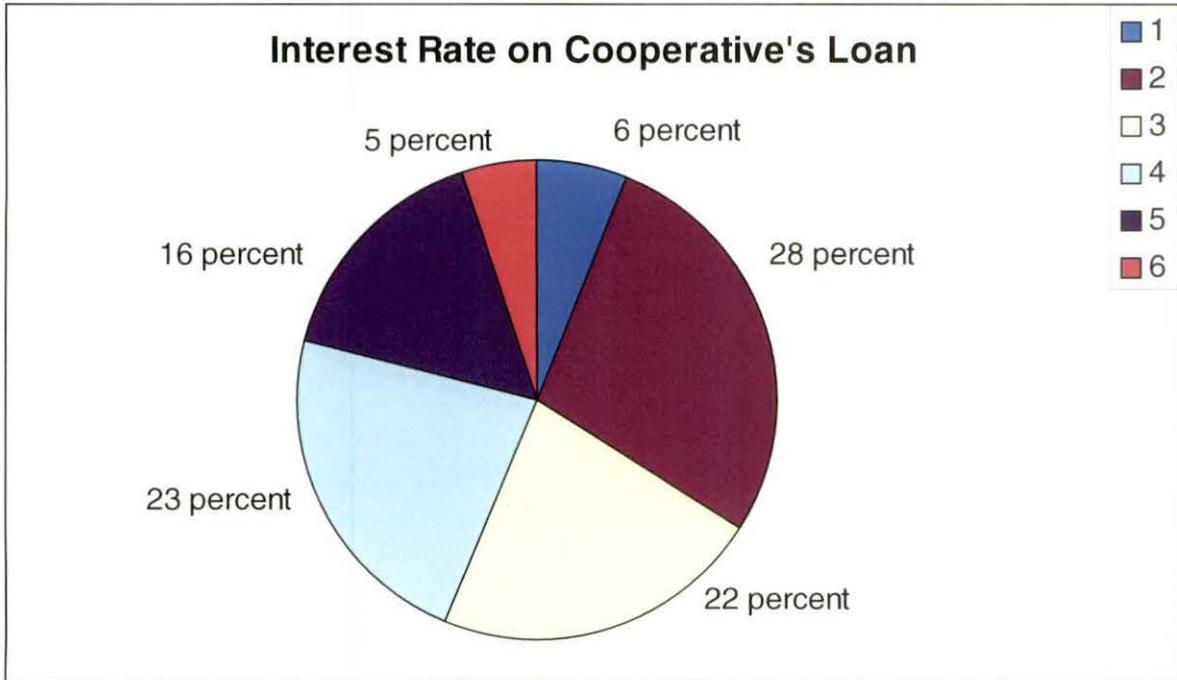
The Table -5.18 shows the overall rate of interest patterns of the cooperatives on lending and saving. Six percent members get loan amount on 11 percent rate of interest where as 28 percent members out of 100 get loan amount on 12 percent rate of interest. Twenty two percent members get loan on 13 percent rate of interest. Similarly 23 percent people get the loan on 14 percent rate of interest. Only 16 percent members get loan on 15 percent where as 5 percent get loan on 16 percent in the cooperatives.

But 17 percent members deposited their amount on 6 percent rate of interest and 39 percent deposited on 7 percent rate of interest. Similarly 25 percent members deposited on 8 percent rate of interest whereas 12 percent deposited on 9 percent rate of interest. Only 7 percent members deposited their amount on 10 percent rate of interest. This condition shows that the rate of interest on lending and deposit isn't so

much different. It means, the interest spread rate have a little different than 5 percent spread rate of interest suggested for commercial banks.

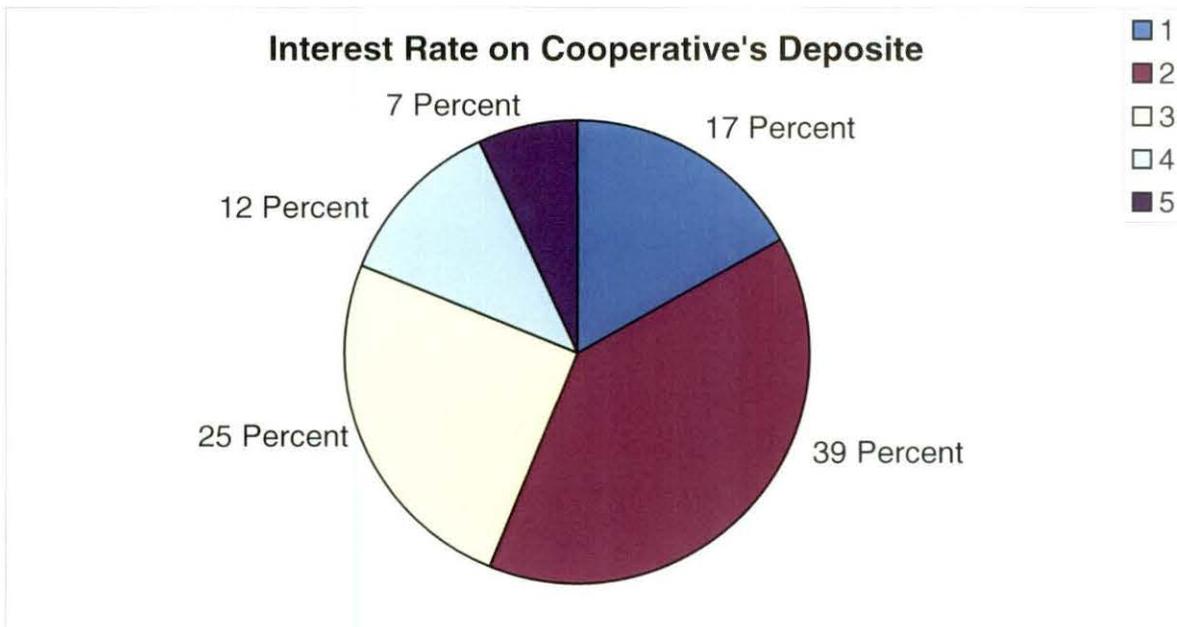
The following Figure 5.17 and 18 shows the separate rate of interest on lending and saving deposit.

Figure -5.17



Source: Field Survey.

Figure -5.18



Source: Field Survey.

Figure - 5.17 shows the average lending rate of interest on the cooperatives. Six percent members get cooperatives loan on 11 percent rate of interest per annum whereas 28 percent get loan at the rate of 12 percent. Similarly 22 percent get loan at the rate of 13 percent and 23 percent get loan at the rate of 14 percent interest per annum. 16 members out of 100 get the loan amount at the rate of 15 percent and only 5 percent members get that amount at the rate of 16 percent per annum in cooperative societies.

Figure -5.18 shows the average saving rate of interest on deposit by the member people. 17 percent members get the 6 percent rate of interest on their deposit whereas 39 percent members get deposit rate of interest as 7 percent per annum. Similarly 25 percent members get 8 percent rate of interest and 12 members get 9 percent rate of interest on deposit. Only 7 members get 10 percent saving rate of interest on deposit from the cooperative societies.

This condition shows that there is little different in interest rate spread, which is better for the investment in the market.

5.1.19 Informal Sector Borrowing and Lending Interest Rates

In Nepal, the informal sector played dominant role on borrowing and lending. People from remote as well as other areas give loan to the friends, relatives and others. In the same way, they borrowed from landlords, merchants, friends and relatives as well as goldsmiths. But the rate of interest from these sources either for lending or for borrowing is too high compared to the rate of interest from the cooperatives. Needy people take loan from informal sector at higher rate of interest in comparison to the formal sector. They have to pay at least 15-20 percent interests up to 40-50 percent rate of interest on loan amount. Major percentage of borrowers of the amount has to pay one-third of principal amount as the rate of interest to the lender.

The following Table 5.19 shows the composition of the rate of interest of informal sector for borrowing and lending.

Table -5.19

Informal Sector Borrowing and Lending Interest Rates

Interest Rates	Borrowed		Lending	
	No. of members	Percentage	No. of members	Percentage
Not borrowed	55	55		
15-20 percent	1	1		
20-30 percent	27	27		
30-40 percent	15	15		
40-50 percent	2	2		
Not Lent			68	68
15-20 percent			9	9
20-30 percent			15	15
30-40 percent			8	8
40-50 percent			0	0
Total:	100	100	100	100

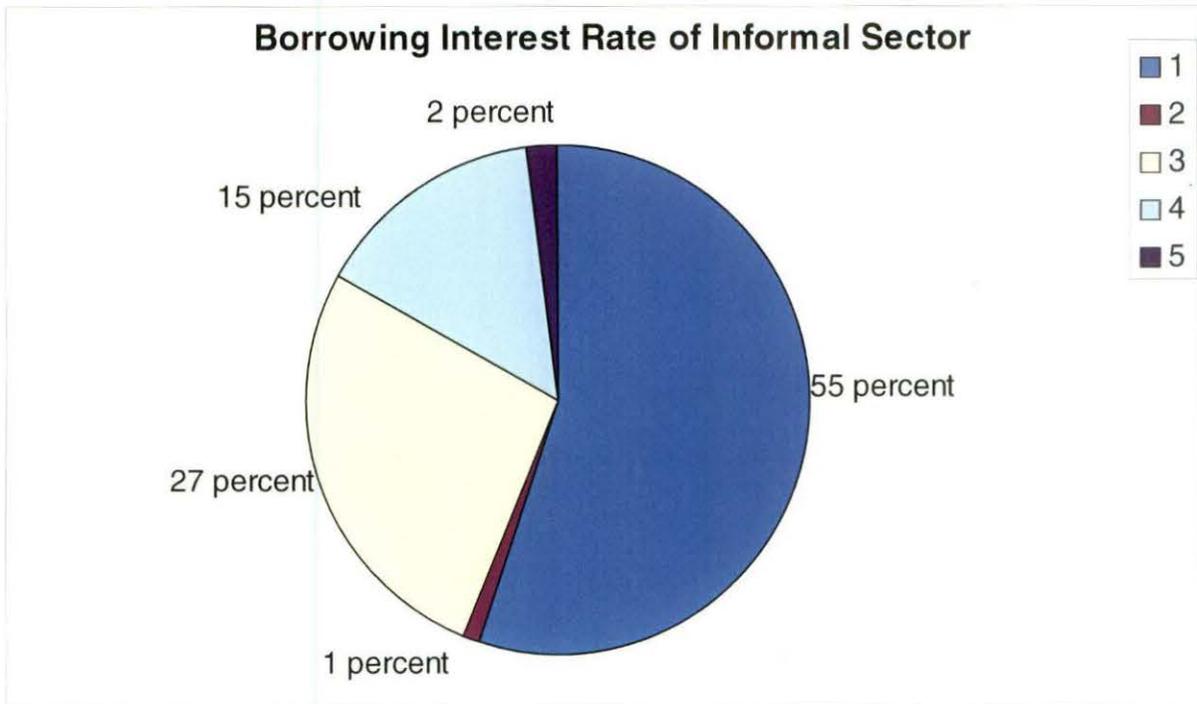
Source: Field Survey.

The Table -5.19 shows the borrowing and lending rate of interest of the informal sector in the study area. Major percent members, i.e., 55 percent did not borrow from informal sector. It means they mainly used formal sector loan for their own use. Remaining 45 percent members have used informal sector loan for their use in the past. Only one percent member got loan at the rate of interest of 15-20 percent whereas 27 percent members have got loan amount at the rate of 20-30 percent interest per annum. Similarly, 15 percent members had to pay 30-40 percent rate of interest per annum to the landed amount. Two percent members have paid 40-50 percent interest to the resource owner. It means there was usury in the villages in the name of interest.

At least two-third members have not given loan to the other, i.e., 68 percent have not lent any amount to the other. Nine percent members have lent at the rate of 15-20 percent where as 15 percent lent at the rate of 20-30 percent. Similarly only 8 percent have lent at the rate of 30-40 percent.

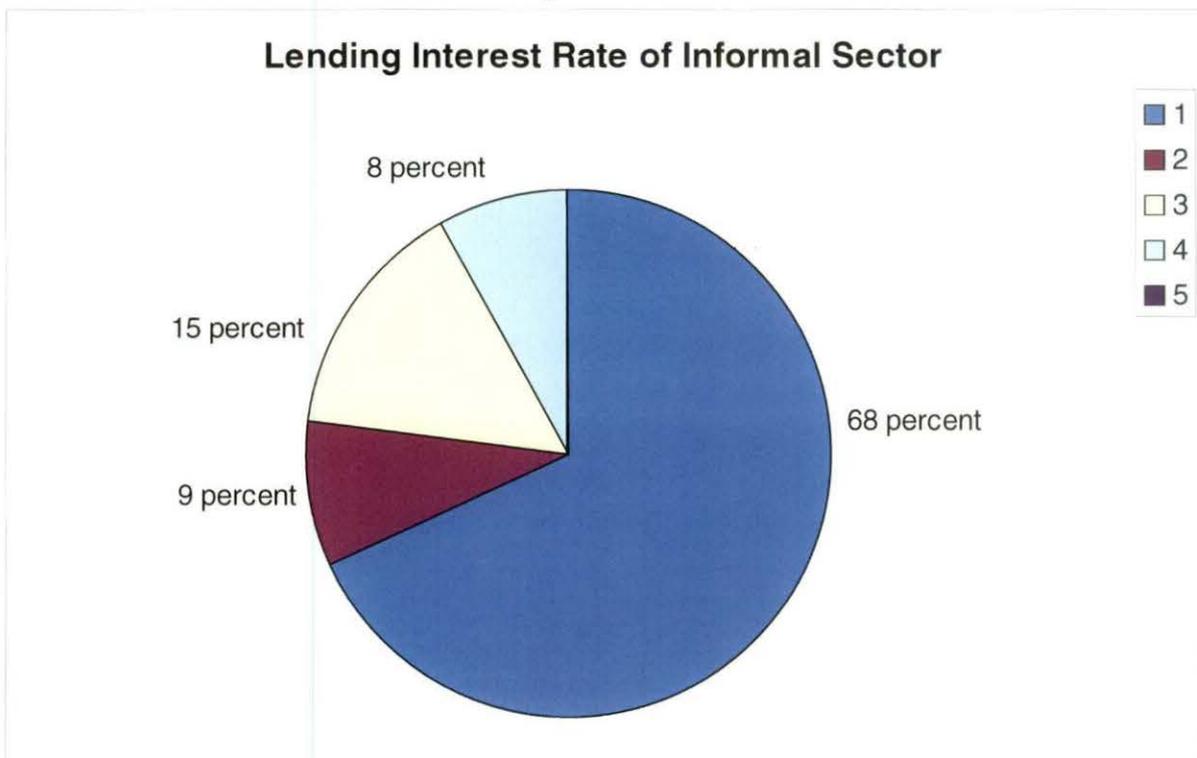
Therefore, the informal rate of interest is higher either on borrowing or on lending. But the rate of interest on borrowing is higher from the informal sector. The higher rates of interest on the informal sector lure people forwards cooperatives where there is low rate of interest either for borrowing or for lending. The following Figure 5.19 and 5.20 show these all.

Figure -5.19



Source: Field Survey.

Figure -5.20



Source: Field Survey.

Figure -5.19 shows the borrowing rate of interest of informal sector lenders. People have borrowed at higher rate of interest where there are no banks and financial institutions in the study area. 55 percent members did not borrow from informal sector. One percent borrowed on 15-20 percent rate of interest whereas 27 percent borrowed on 20-30 percent rate of interest. In the same way, 15 percent borrowed on 30-40 percent rate of interest and 2 percent borrowed on 40-50 percent rate of interest. These rates of interest are believed to be exploitative rate of interest.

Figure - 5.20 shows the lending rate of interest of the informal sector lenders. 68 percent members have not lent any amount to the other. Nine percent have lent on 15- 20 percent rate of interest whereas 15 percent lent on 20-30 percent rate of interest. Similarly 8 percent lent on 30-40 percent rate of interest. This all proves that the rate of interest on informal sector is much higher than cooperatives.

5.1.20 Monthly Income of Members

The cooperative members earned some amount of money by the activities in which they are involved. The majority of members raised their economic status by the help of the cooperatives. The earnings of the members seemed to have changed after getting involved with cooperatives. The monthly incomes of the members have increases compared to earlier time. The income level before and after the membership, show the drastic changes in the study area. The numbers of higher income earner members are increasing than before.

The following Table 5.20 shows the changes in the status of the members before and after membership in the cooperatives.

Table -5.20
Monthly Income of Members

Income Ranges	Before		After		%Change
	No. of members	Percentage	No. of members	Percentage	
0-2500	13	13.0	0	0.0	-100
2501-5000	49	49.0	4	4.0	-92
5001-10000	30	30.0	46	46.0	53
10001-15000	7	7.0	29	29.0	314
15001-20000	1	1.0	21	21.0	2000
Total:	100	100.0	100	100.0	0

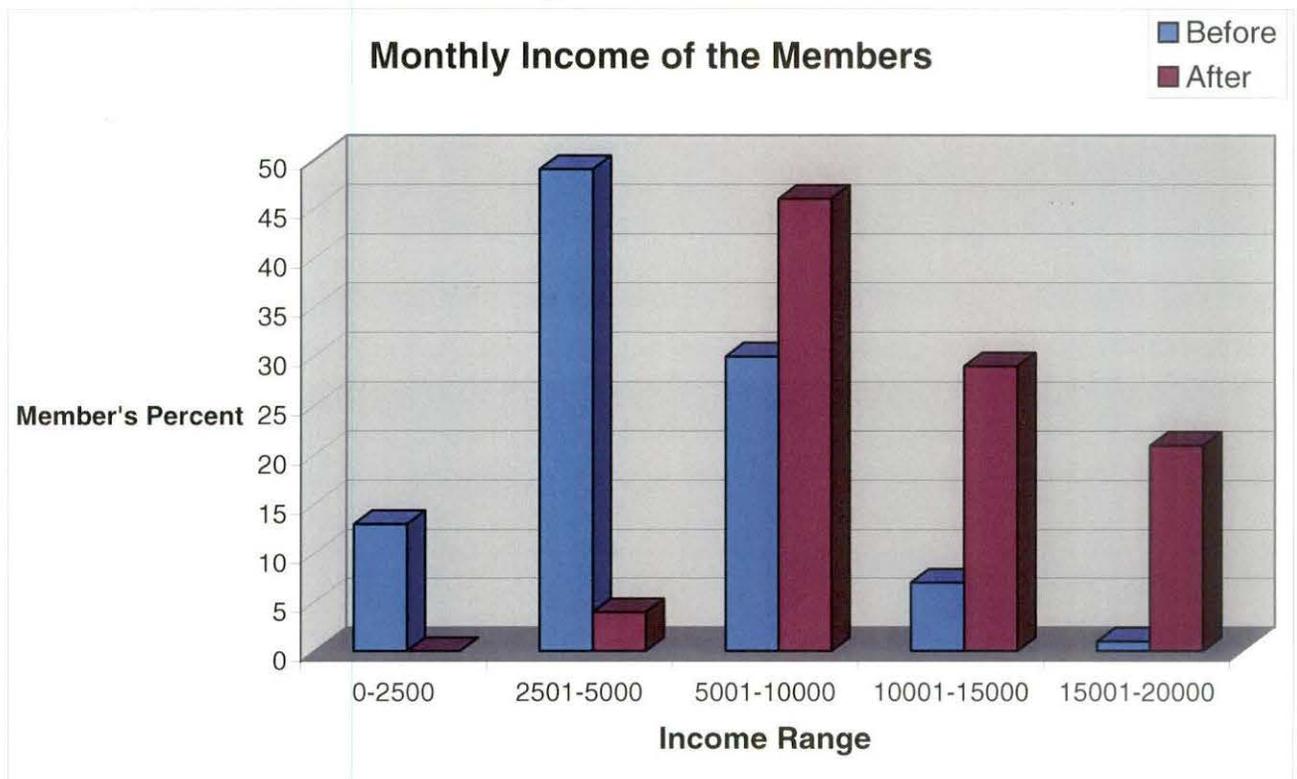
Source: Field Survey.

The Table - 5.20 shows the monthly income condition of the members before and after the membership in the cooperatives. There were 13 percent members who have earned up to NRs.2500 per month whereas these group members disappear and raised their income now. Similarly, there were 49 percent members who earned only NRs.2501-5000 per month whereas this range earner reduced and limited on 4 percent now and raised their status. Again, 30 percent members have earned NRs.5001-10000 per month before the involvement whereas 46 percent now earn that amount of money. It means number of higher income earners increases than before. Similarly, only 7 percent members have earned NRs.10001-15000 in the past but 29 percent earn this amount in a month now. Only one percent earned NRs.15001-20000 in the past but 21 percent members earns this amount in a month nowadays.

This indicates that the income of the members per month has increased compared to earlier time period because of the cooperatives activities.

The following Figure 5.21 shows the members' monthly income before and after the membership in the cooperatives.

Figure -5.21



Source: Field Survey.

The Figure -5.21 shows that the lower income groups were in greater number before the membership and the higher income group per month is in larger number after the membership in the cooperatives. The incomes of NRs.0-2500 earner were 13 percent in the past whereas these ranges of income earners have now disappeared and stepped up to higher range. Nearly 49 percent members have earned NRs.2501-5000 in the past but only 4 percent members earned this range income and remaining members have stepped up to higher range. Similarly, only 30 percent have earned NRs.5001-10000 in the past but 46 percent earned this amount nowadays. Again 7 percent only earned NRs.10001-15000 in the past but 29 percent earns this range amount now. In the same way 21 percent earns NRs.15001-20000 per month nowadays.

This shows that the income earning status of the members is improving than earlier time as a result of involving in cooperatives activities.

5.1.21 Monthly Expenditure of Members

The cooperatives members' monthly expenditure is the major indicator of improving economic status. The more is the expenditure the more is the level of earnings for the other group of people. The expenditure in a group may be the income for the community. Aggregate spending has the chain relation among other variables such as consumption increases by it, income rises, investment increases, output increases and employment is generated in the societies. The increased expenditure is either for consumption of goods or for the uses of comfortable services. The use of more expenditure is possible by the earning from small-scale business or from the other activities such as animal husbandry, bee keeping, poultry farming etc

The following Table 5.21 shows the expenditure pattern of the members in the cooperatives society pre and pro involving in the activities.

Table -5.21

Monthly Expenditure of Members

Expenditure Ranges	Before		After		%Change
	No. of members	Percentage	No. of members	Percentage	
0-2500	31	31.0	3	3.0	-90
2501-5000	48	48.0	16	16.0	-67
5001-10000	18	18.0	39	39.0	117
10001-15000	3	3.0	29	29.0	867
15001-20000	0	0.0	13	13.0	
Total:	100	100.0	100	100.0	0

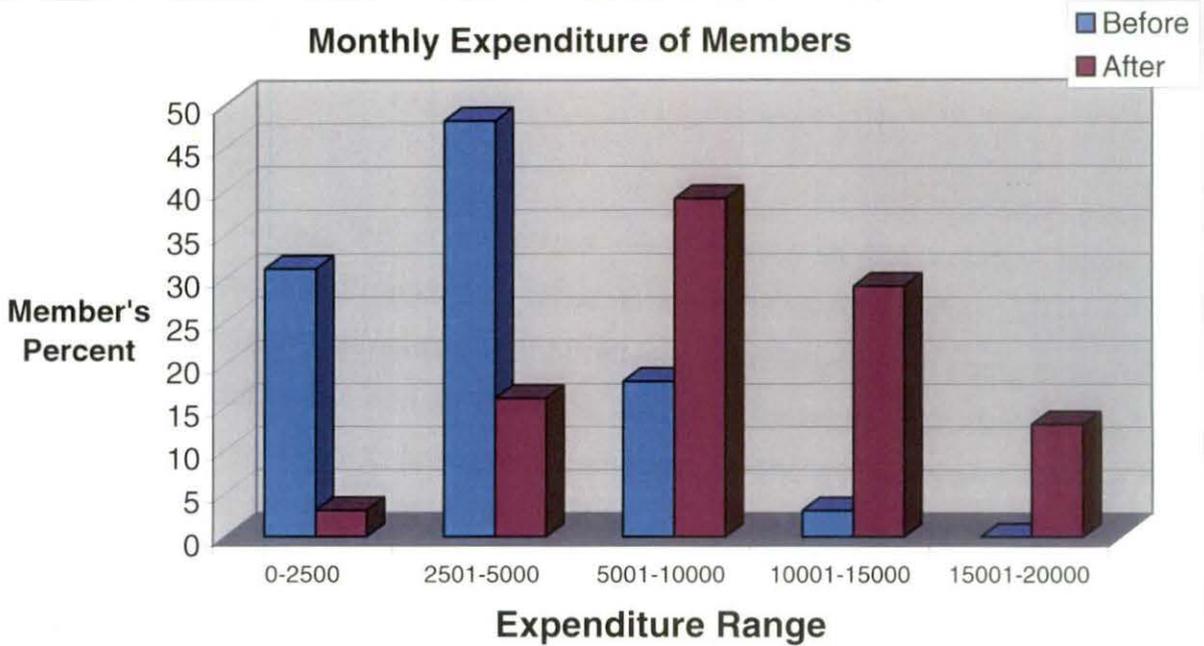
Source: Field Survey.

The Table -5.21 shows that the cooperatives members' monthly expenditure is gradually increasing than previous time period. There were 31 percent members having NRs.0-2500 per month expenditure in the past but now this percent is reduced to 3 percent and remaining members raised their spending status. Similarly there were 48 percent members spending NRs.2501-5000 per month before the membership where as there are only 16 percent members for this expenditure range and other s have upgraded their expenditure. In the same way, there were 18 percent members having NRs.5001-10000 per month expenditure but this range expenditure group increases and has become 39 percent. It means more percentage of people spent more money than earlier time period. Again, only 3 percent members spent NRs.10001-15000 per month in the past whereas 29 percent spend this much money per month nowadays. No one have the expenditure more than NRs.15001 before the membership whereas there are 13 percent members who have the expenditure range above NRs.15001 nowadays.

This condition shows that the expenditure pattern of the members is improving gradually compared to previous time period in the study area.

The following Figure 5.22 shows the monthly expenditure of the members before and after the membership in cooperative societies.

Figure -5.22



Source: Field Survey.

The Figure -5.22 shows the monthly expenditure of the members before and after the membership in the cooperatives societies. In the very beginning, the expenditure of the members was less in comparison to the present time period. There were 31 percent members who spent only NRs.2500, but now there are only 3 percent members having expenditure up to this range. There were 48 percent members who spent up to NRs.5000 but now there are 16 percent members spending this range. There were 18 percent members who spent up to NRs.10000 in the past but there are 39 percent members who spend in this range nowadays. Only 3 percent members had the expenditure up to NRs.15000 in the past but there are 29 percent members who have the capacity of spending NRs.15000 per month. No one had the capacity to spend above NRs.15001 in the past but there are 13 percent members who are spending more than NRs.15000 nowadays.

This condition shows that the expenditure of the members has increased in the present time than in the past. The plans and projects of members supported by the cooperatives, resources mobilized, different consumption schemes for installment and

employment opportunity etc. have helped to increase the expenditure level of the members in the study period.

5.2 Conflict Situation Led Enormous Growth of Cooperatives

5.2.1 Background

In the conflict period, the cooperatives development in the country takes enormous growth. Government banks and other financial institutions either closed or shifted towards towns but the numbers of cooperatives established in the same time in the villages. Commercial banks cannot fulfill the securities base as indicated by the government because they have to spent more amounts for the military staffs. On the one hand, they were on the target of armed militant and on the other hand they have to pay heavy amount of money for securities staffs. On this background, they shifted their office from the villages or closed the branches. Even NRB (central Bank of Nepal) also closed the Ilam and Bhadrapur Branches on the same time (NRB Samachar 2003, Baluwatar Kathmandu). On this background, the cooperative societies are in the position of enormous growth in the economy.

5.2.2 Annual Growth Rate of Cooperatives Before Conflict Period

The cooperative development in Morang before the conflict period was slow and halting progress. There were traditional and cultural cooperatives in the society. The numbers of organized cooperative institutions in the district were rare in counting. People on that time have a little knowledge about cooperatives and have established some cooperatives. There were only 47 cooperative established during eleven years of time before conflict period.

The Table 5.22 below shows the annual increment of numbers of cooperatives before conflict time period.

Table -5.22

Numbers of Additional Cooperatives before Conflict period

Fiscal year	No. Additional Cooperatives	Cumulative Numbers	Change percent per year
1986/87	0	0	0.0
1987/88	0	0	0.0
1988/89	0	0	0.0
1989/90	0	0	0.0
1990/91	1	1	0.0
1991/92	0	1	-
1992/93	8	9	800.0
1993/94	13	22	144.4
1994/95	9	31	40.9
1995/96	11	42	34.5
1996/97	5	47	11.9
Total	47	47	

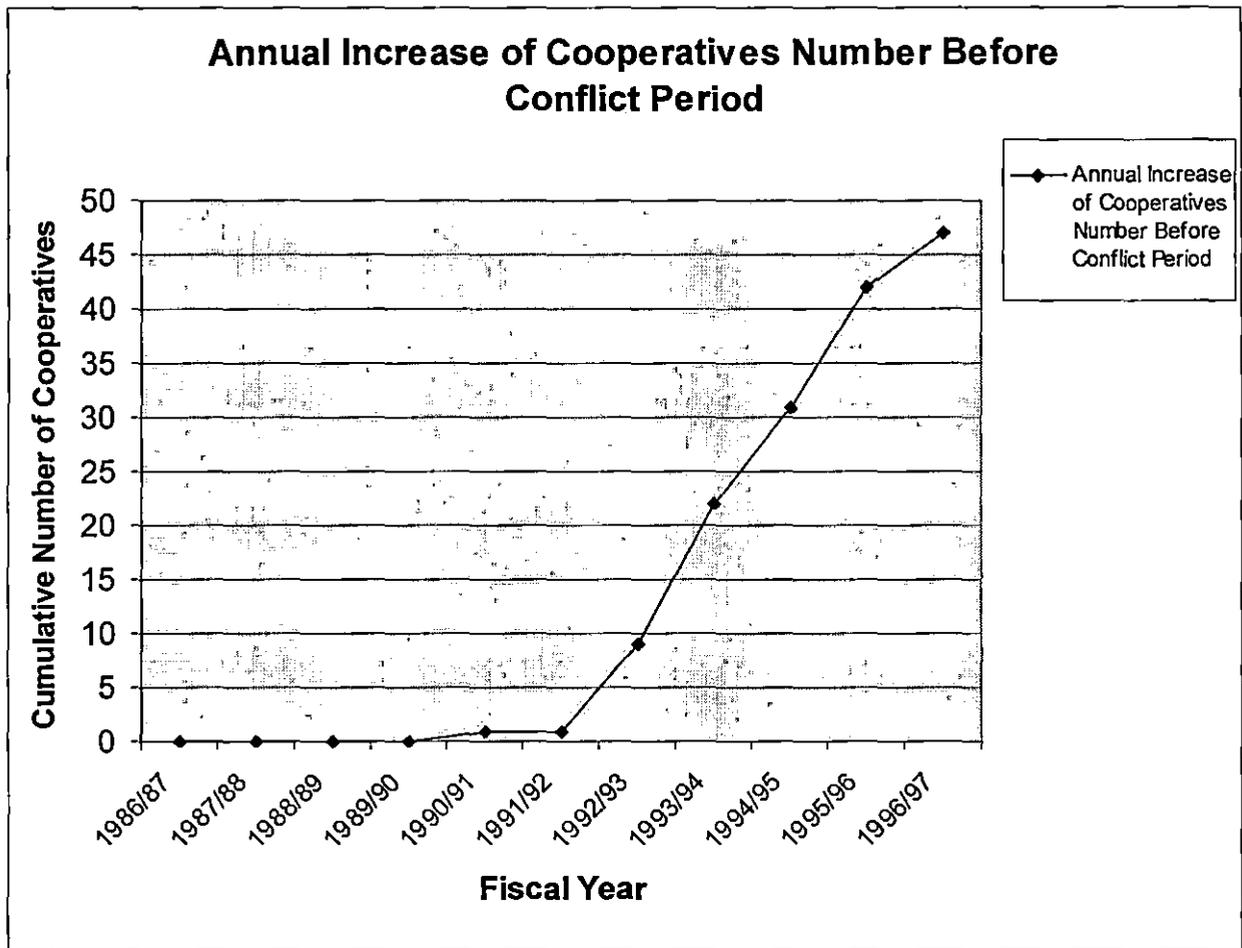
Source: Division Cooperative Office Morang.

Table -5.54 shows that there was no any establishment of cooperative within FY 1986/87-1989/90. Only one cooperative was established in FY 1990/91 but zero in FY 1991/92. There were 8 cooperatives established in FY 1992/93. Similarly, there were 13 cooperatives established in FY 1993/94, only 9 were established in FY 1994/95 and 11 were established in FY 1995/96. But in FY 1996/97 there were 5 cooperatives registered in Morang district.

There were only 14 cooperatives in Morang before F/Y 1986/87, i.e., within 1960-1986(26 years).

The following Figure 5.23 shows the annual progress of cooperatives establishment in Morang district before conflict period.

Figure -5.23



Source: Division Cooperative Office Morang.

The Figure -5.23 shows the annual development of cooperatives before the conflict period taking eleven years, so as compare the conflict period. There was just single cooperative registered within the six fiscal years of time. But there after it has taken slower movement and rise upward as indicated by the diagram.

5.2.3 Annual Growth Rate of Cooperatives during Conflict Period:

There was difficult period for the financial intermediaries in the time of conflict. Organized banking and financial institutions were shifted away or closed from the place where they were providing services. This created financial vacuum in the villages and resource less people organized financial and self service cooperatives in the societies. These cooperatives provided different resources such as financial, technical, subsidy, social insurance etc. to their members. By the popularity, many cooperatives were established in the Morang district on that insurgency period.

The following Table 5.23 represents the annual development of cooperatives in Morang district during the time of conflict.

Table -5.23

Numbers of Additional Cooperatives during Conflict Period

Fiscal year	No.Additional Cooperatives	Cumulative Numbers	Change percent per year
1997/98	30	30	0.0
1998/99	26	56	86.7
1999/00	21	77	37.5
2000/01	21	98	27.3
2001/02	24	122	24.5
2002/03	47	169	38.5
2003/04	13	182	7.7
2004/05	17	199	9.3
2005/06	35	234	17.6
2006/07	32	266	13.7
2007/08	22	288	8.3
Total	288	288	860.0

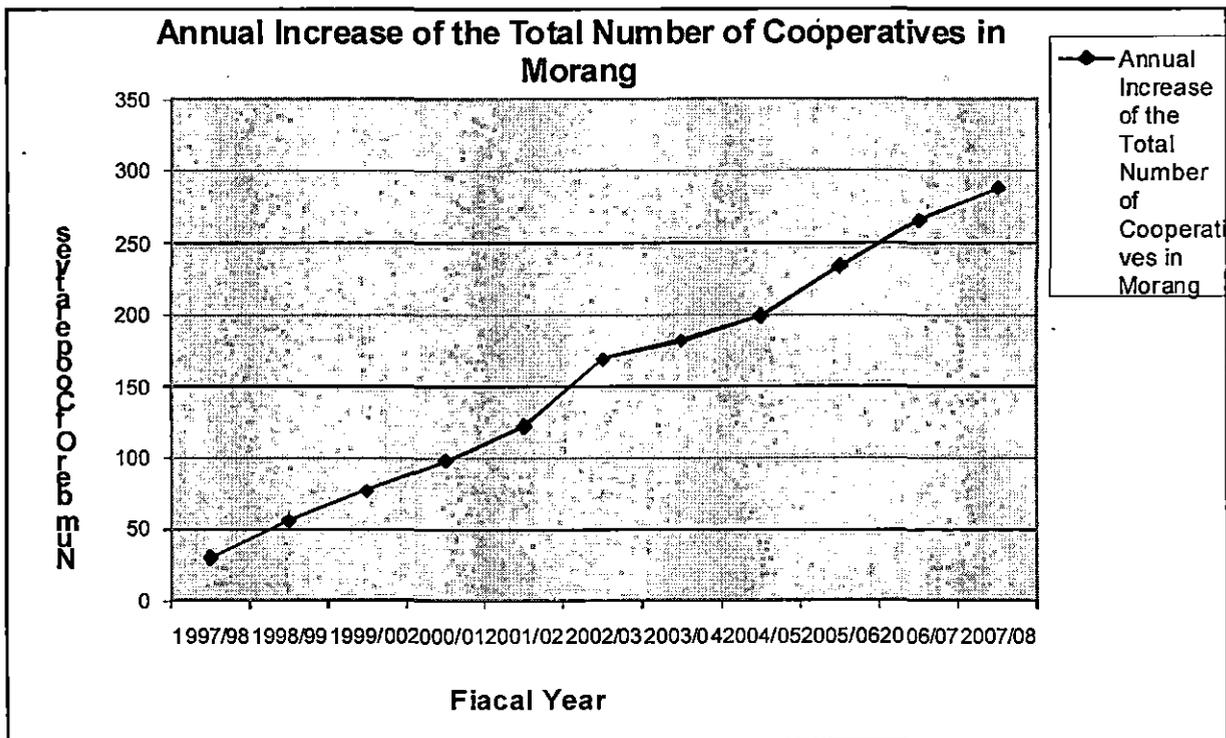
Source: Division Cooperative Office Morang.

The Table -5.23 above shows the heavy growth of cooperatives during the time of conflict. In FY 1997/98 there established 30 numbers of cooperatives in the district where as 26 more cooperatives were added in another FY. In the same way there were 21 more additional cooperatives got licenses by the authorities in FY 1999/00 and again 21 got licenses in FY 2000/01. Similarly, 24 more numbers of cooperatives were in additional operation in FY 2001/02 and 47 have got licenses in FY2002/03. In FY 2003/04, there were 13 more numbers of cooperatives registered in the cooperative office and 17 registered in 2004/04. In the same way, 35 additional cooperatives were established in Morang in FY 2005/06, 32 in FY 2006/07 and 22 cooperatives were in existence in 2007/08.

By the tabular comparison, the development of cooperative societies in the district during the time of conflict was valued rather than the development in previous time period. Hence, it is concluded that conflict situation led enormous growth of cooperatives in Morang district.

The following Figure 5.24 further displays annual development of cooperatives during the conflict time.

Figure -5.24



Source: Division Cooperative Office Morang

Figure - 5.24 shows the heavy increase in the numbers of cooperatives in Morang district in the time of conflict. The cumulative numbers of cooperatives increasing up and up in each fiscal year. It shows that the cooperatives were possible to establish in the back ground of conflict. The starting point was 30 in FY 1997/98 where this is increased and reached to point 288 at the end of fiscal year 2007/08. The huge numbers of cooperative societies were established and in existence in the time of conflict because they proved to be the better medium of finance in the villages in this district.

5.2.4 Cooperatives Have Helped in Improving the Socio-Economic Status of Members in the Time of Conflict

The cooperative societies have helped in improving the socio-economic status of the members in the time of conflict. The annual expenditure of the members has increased compared to the previous time. This shows that the annual purchasing power of the members is increasing and as a result consumption expenditure is

increasing. Increased consumption is the sign of improvement in the socio-economic status of the members. Better life and facilities are obtainable from those expenses made by the members. By calculating the annual expenditure of the members, it is found that the difference between two time period (before and after) is greater, which shows the improving status of members.

In the same way, the income of the members increased in the study period than the previous time period. Higher levels of incomes are attained by the cooperatives members in the study time. It is found that they have been able to generate higher level of income during the conflict time by involving themselves in cooperatives activities.

The following computation of income and expenditure shows the improving economic status of members after the involvement in the cooperative societies.

Analysis of Expenditure

Expenditure before involving in cooperatives:

Expenditure after involving in cooperatives:

Mean expenditure (\bar{X}) = 51066

Variance (S_1) = 931348044

Size of sample (n_1) = 100

$\sum(X - \bar{X})^2 = 93134804400$

$$\frac{\sum(X - \bar{X})^2}{n_1} = 931348044$$

$S_1 = 931348044$

$\sum X = 5106600$

$$\therefore \bar{X} = \frac{\sum X}{n_1}$$

$$\frac{5106600}{100} = 51066$$

Mean expenditure (\bar{Y}) = 107328

Variance (S_2) = 2095969124

Size of sample (n_2) = 100

$\sum(Y - \bar{Y})^2 = 209596912400$

$$\frac{\sum(Y - \bar{Y})^2}{n_2} = 2095969124$$

$S_2 = 2095969124$

$\sum Y = 10732800$

$$\bar{Y} = \frac{\sum Y}{n_2}$$

$$\frac{10732800}{100} = 107328$$

$$\therefore \bar{X} = 51066,$$

$$\bar{Y} = 107328$$

Hence
$$|Z| = \frac{\bar{X} - \bar{Y}}{\sqrt{\frac{S1}{n1} + \frac{S2}{n2}}}$$

$$|Z| = \frac{51066 - 107328}{\sqrt{\frac{931348044}{100} + \frac{2095969124}{100}}}$$

$$|Z| = \frac{-56262}{\sqrt{\frac{3027317168}{100}}}$$

$$|Z| = \frac{-56262}{\sqrt{30273171.68}}$$

$$|Z| = \frac{-56262}{5502.11}$$

$$|Z| = -10.23$$

$$\therefore |Z| = 10.23$$

Since calculated value of Z is greater than 3, we reject the null hypothesis and conclude that the mean expenditure of the members of the cooperatives has increased after the involvement in the cooperatives during the time of conflict than without involvement in the cooperatives activities and getting membership before that period.

Analysis of Income

Income before involving in cooperatives: Income after involving in cooperatives:

$$\begin{aligned}\text{Mean Income } (\bar{X}) &= 61644 \\ \text{Variance } (S_1) &= 1339478064 \\ \text{Size of sample } (n_1) &= 100 \\ \sum (X - \bar{X})^2 &= 133947806400\end{aligned}$$

$$\begin{aligned}\text{Mean Income } (\bar{Y}) &= 123336 \\ \text{Variance } (S_2) &= 2439923904 \\ \text{Size of sample } (n_2) &= 100 \\ \sum (Y - \bar{Y})^2 &= 243992390400\end{aligned}$$

$$\frac{\sum (X - \bar{X})^2}{n_1} = 1339478064$$

$$\frac{\sum (Y - \bar{Y})^2}{n_2} = 2439923904$$

$$S_1 = 1339478064$$

$$S_2 = 2439923904$$

$$\begin{aligned}\sum X &= 6164400 \\ \therefore \bar{X} &= \frac{\sum X}{n_1}\end{aligned}$$

$$\begin{aligned}\sum Y &= 12333600 \\ \bar{Y} &= \frac{\sum Y}{n_2}\end{aligned}$$

$$\frac{6164400}{100} = 61644$$

$$\frac{12333600}{100} = 123336$$

$$\therefore \bar{X}_1 = 61644,$$

$$\bar{Y}_1 = 123336$$

Hence

$$|Z| = \frac{\bar{X} - \bar{Y}}{\sqrt{\frac{S_1}{n_1} + \frac{S_2}{n_2}}}$$

$$|Z| = \frac{61644 - 123336}{\sqrt{\frac{1339478064}{100} + \frac{2439923904}{100}}}$$

$$|Z| = \frac{-61692}{\frac{3779401968}{100}}$$

$$|Z| = \frac{-61692}{37794019.68}$$

$$|Z| = \frac{-61692}{6147.68}$$

$$|Z| = -10.04$$

$$\therefore |Z| = 10.04$$

Since calculated value of Z is greater than 3, we reject the null hypothesis and conclude that the mean income of the members of the cooperatives has increased during the time of conflict when they had membership of cooperatives societies than before the involvement in the cooperatives activities.

Chapter Summary

Members of cooperatives transformed the occupation from traditional to advance one. There were 60 percent farmer in the past but now there are 33 percent farmers. In the same way, there were 9 percent small-scale businessmen whereas there are 25 percent small-scale businessmen in the cooperatives. Again the number of wage labor increases compared to earlier time because of the skill and technique learnt from the cooperatives institutions. Other different occupations holder members also increase by 32 percent compare to early time. The sources of finance for the member changes as the conflict spread in the societies. The dependency of members upon bank, landlord and businessmen for loan in the past transformed in to cooperatives. There were only 2 percent people had the cooperatives as the sources for finance in the past but there are 85 percent members depending upon cooperatives nowadays. The dependency upon bank reduced by 79 percent, landlord by 91 percent, businessmen by 93 percent now because of the cooperatives. All members have toilet facility after the membership but there were 19 percent members who haven't toilet facilities in the past. It is found that the structure of toilet is also improved compared to the past time. 45 percent members have pipeline water supply, 49 percent have tube-well for drinking water after membership, which are the safe means of water supply. But there were more numbers of well and other sources of water in the past. Loan obtaining facility after getting membership in cooperative is termed as better and easy. 94 percent members felt it as better and easy, only 3 percent felt it as difficult. But in the past, 76 percent member felt it as difficult task.

Members have changed their consuming pattern of fuel. 61.5 percent members have been used firewood in the past but only 11.2 percent members have using firewood as fuel nowadays. 30.3 percent have been used kerosene, 4.5 percent biogas and 0.9 percent L.P. gas in the past. But now, only 6.5 percent have using kerosene, 23.4 percent using biogas and 57 percent have using L.P. gas. 72 percent people agreed that the loan amount is sufficient for them provided by the cooperatives. 21 percent people suggest that it is insufficient for them. 79 percent people have commented cooperatives services as faster service. 12 percent as simple, 5 percent

as slow and 4 percent have no any response. Cooperatives have improved the socioeconomic condition of the people. 86 percent believed that these institutions as good for poor, 13 percent believed as good for rich and one percent believed it as good for both. 66 percent believed that the programmes of the cooperatives are sufficient, 27 percent argued to increase programme and 4 percent commented as not sufficient. In the same way, 91 percent cooperative's members returned the loan amount in due time, 7 percent returned it late where as 2 percent not returned it yet. The farm product of the members is increased by the help of cooperatives. 20 percent believed that the farm product is increased double, 36 percent believed as increase just half than before, 42 percent believed that increase a little. Only two percent disagree that the increment of the farm product after the involvement in cooperatives. The members increase the status of cattle belonging. 25 percent members have more than 5 cattle where as 30 percent members have 3-4 cattle, 33 percent have 1-2 cattle and 12 percent have no cattle. Milk selling position of the members also improved than the previous time period, 24.1 percent members sold 3-4 litters of milk daily, 14.7 sold above 5 litters of milk daily and 27.7 percent self consumed the milk they produced.

Members have also improved the possession of assets of compared to previous time. Now, most of the members i.e. 81 percent have radio, 71 percent have wall clock, 82 percent have television, 57 percent have tape recorder, 69 percent have tables, 60 percent have chairs, 42 percent have gas stove 10 percent have bio gas, 45 percent have mobile phone, 47 percent have land-line phone and 36 percent have computer in their home. It is found that the possession of assets condition is highly improved after the involvement in cooperatives. Each of the sampled members have land i.e. 22 percent have below one Kattha of land, 7 percent have 2 Kattha of land, 10 percent have 3-5 Kattha of land, 21 percent have 5- 10 Kattha, 10 percent have 10 Kattha- one Bigha of land and 30 percent have above one Bigha of land. It means 70 percent members have the land below one Bigha.

The rate of interest of cooperative's lending is found between 11-16 percent whereas deposit between 6-10 percent per annum. But businessmen, landlord, friends and relatives (informal) borrowing interest rate is found as 15- 50 percent where as lending as 15-40 percent per annum. Before membership, 45 percent people borrowed from such informal sector and 32 percent lent to others in the past. But the informal

sectors borrowers and lenders reduced by heavy percent nowadays. Monthly income of the members increased compared to previous time. Only 4 percent members have Rs.2501- 5000 monthly income, 46 percent have Rs.5001-10000 monthly income, 29 percent have Rs.10001-15000 monthly income and 21 percent have Rs.15001-20000 monthly income nowadays. It is found that monthly expenditure of the members is increased than the before. 16 percent members spent up to Rs.5000 per month, 39 percent spent up to Rs.10000 per month, 29 percent spent up to Rs.15000 per month and 13 percent spent up to Rs.20000 per month after getting membership.