

CHAPTER-VI

A CASE STUDY OF DEVELOPMENT OF CO-OPERATIVES IN JHAPA DISTRICT DURING THE CONFLICT PERIOD

Jhapa is one of the districts situated eastern part of Morang district. In Jhapa, there were only 20 cooperatives registered in the Division of Cooperative Office before 1991. But the numbers of cooperatives increased and speed up during conflict period. At the end of 2006, there were 182 cooperatives (Sahakari Ismarika, 2006). It means 162 more cooperatives were established during the district. There were 85287 members till that period. It was twenty percent of the total population. This development shows that the cooperative societies were the emerging financial intermediaries in the villages even though there was conflict situation. Mean time; 5 branches of Nepal Bank Limited, 3 branches of Rastriya Banijya Bank and 6 branches of Agriculture Development Bank were closed in Jhapa district due to the insurgency (reports of related commercial bank). But the cooperatives were flourished in that period in the place of bank because the local members have protected these cooperatives and the militant didn't target them. Their share capital, saving amount, cash in vault, investment as well as different reserve funds seemed increased than previous time. They provided employment opportunity to 420 (Sahakari Ismarika, 2006) people within the institutions and many people outside it.

6.1 Increasing Trend of Numbers of Cooperative in Jhapa

There were 192 cooperatives in Jhapa district at the end of fiscal year 2006/07. This number was only 20 before the fiscal year 1997/98. During that ten-year time period, more 172 cooperatives were established in the district. These cooperatives numbers shows the increasing trend in conflict time.

The following Table 6.1 shows the overall scenario of cooperatives development in Jhapa district.

Table - 6.1

Cooperatives Development in Jhapa (1997/98-2006/07)

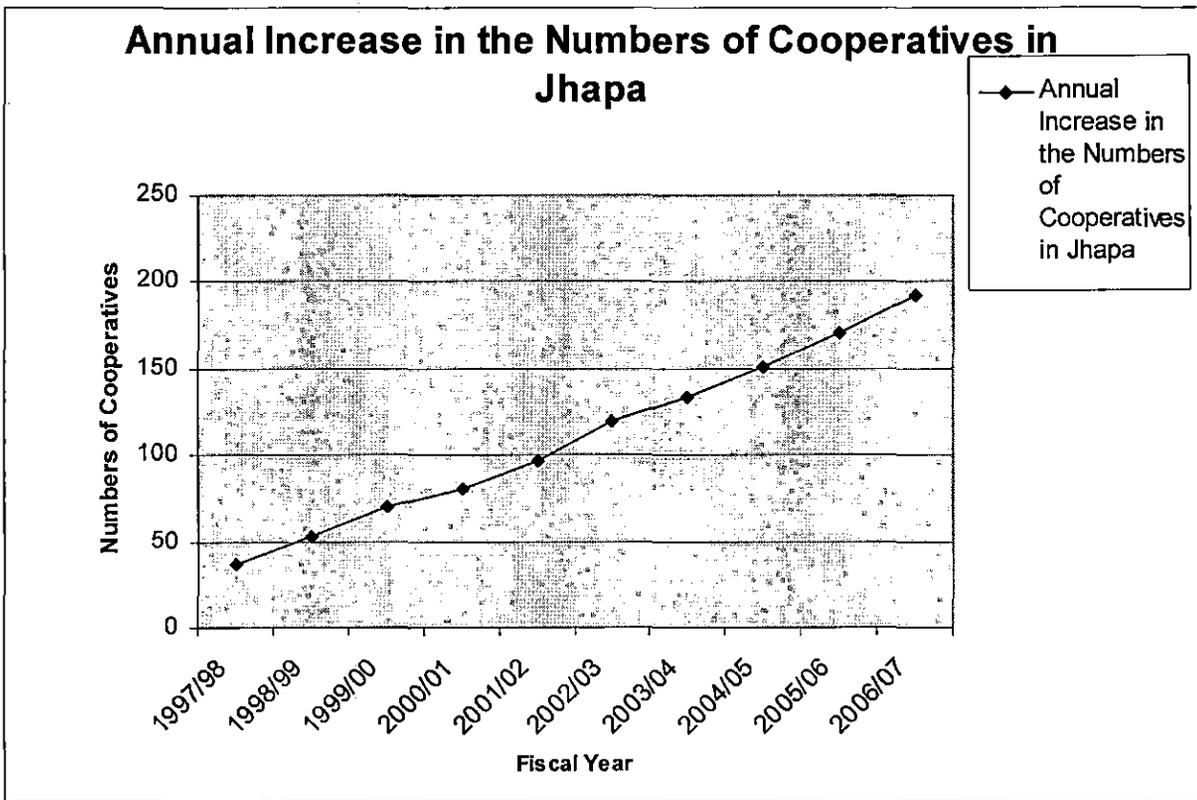
Fiscal year	No.Additional Cooperatives	Cumulative Numbers	Change percent per year
1997/98	17	37	0.0
1998/99	16	53	43.2
1999/00	17	70	32.1
2000/01	11	81	14.7
2001/02	16	97	19.8
2002/03	23	120	23.7
2003/04	14	134	11.7
2004/05	17	151	12.7
2005/06	20	171	13.2
2006/07	21	192	12.3
Total	172	192	418.9

Source: Jhapa Jilla ko Sahakari Sangh-Santha ko Gatibidhi- 2010, Division Cooperative Jhapa
 Note: Cumulative figure 37 obtains summation up to 1996/97, No.20 and 1997/98 No. 17.

The Table - 6.1 shows the cooperatives development in Jhapa district on that period. Since the evolution of cooperatives in Jhapa and before the year 1997/98, there were only 20 cooperatives. But there established 17 more cooperatives in the different part of the district in the fiscal year 1997/98. It means 85 percent additional cooperatives were established on that single year in compare to the 30 years previous time period. Again, 16 cooperatives added in the system in the F/Y 1998/99. It means 43.2 percent increased in the numbers of cooperatives on that year. In the same way, higher 32.1 percent cooperatives were established in the F/Y 1999/00 and reached 70 cooperatives in the district. In this way, 15.7percent, 19.8 percent, 23.7 percent and 11.7 percent increased in the number of cooperatives in F/Y 2000/01, 2001/02, 2002/03 and 2003/04 respectively. In F/Y 2004/05 there were 151 numbers of cooperatives where more 17 new cooperatives were added in the district. In F/Y 2005/06, more 20 cooperatives were established and started their activities in the district. At the end of F/Y 2006/07, more 21 cooperatives were established which is 12.3 percentage of previous year. This shows the numbers of cooperatives increased 418.9 percent in compare to the 1997/98 data.

The following Figure 6.1 shows the increasing number of cooperatives in Jhapa district in study period.

Figure - 6.1



Source: Jhapa Jilla ko Sahakari Sangh-Santha ko Gatibidhi- 2010, Division Cooperative Jhapa

Figure -6.1 shows the developing trend of cooperatives in Jhapa district during conflict period. In 1997/98 the trend line was in 37 point where as it reached up to point 53 in the year 1998/99. It means 43.2 percent more cooperatives were introduced in the district. In the same way, the number of cooperatives reached 70 in the year 1999/00, which was 32.1 percent more, increased in compare to the previous year. This trend line shifted upward continuously, till the end of F/Y 2006/07 and reached 192 points. This scenario shows the development of cooperatives during the ten-year time which is crucial. Increased number of the cooperatives leads to increase in the number of membership in the villages. Their activities spread all over the villages as they expanded the numbers of cooperatives as well as members in it.

6.2 Increasing Trend of Membership

In Jhapa district, it is found that the membership of cooperatives per year during the study period was increasing. There was the same situation of conflict as what was in Morang district. The branches of commercial bank, agriculture development bank and even the branch of central bank were closed on that period of conflict. 16 police post and other government related offices were closed down on that district. Many people resigned from employment and went away because of the fear of war. But meantime, many people were involving in the cooperatives activities by taking membership in it. What a marvelous pictures upon it, and the development on the increment on the membership? They feel safe by taking part on cooperatives activities by getting membership in it.

The following Table 6.2 shows the annual additions of membership of cooperatives in Jhapa district.

Table - 6.2
Annual Growth of Cooperatives Membership

Fiscal year	No. of Additional Members	Cumulative Numbers	Change percent per year
1997/98**	4678	4678	-
1998/99	4392	9070	93.9
1999/00	2282	11352	25.2
2000/01	5475	16827	48.2
2001/02	2017	18844	12.0
2002/03	2321	21165	12.3
2003/04	1186	22351	5.6
2004/05	1586	23937	7.1
2005/06	2087	26024	8.7
2006/07	4016	30040	15.4
Total	30040	30040	418.9

** Number of members includes cumulative numbers of previous two year.

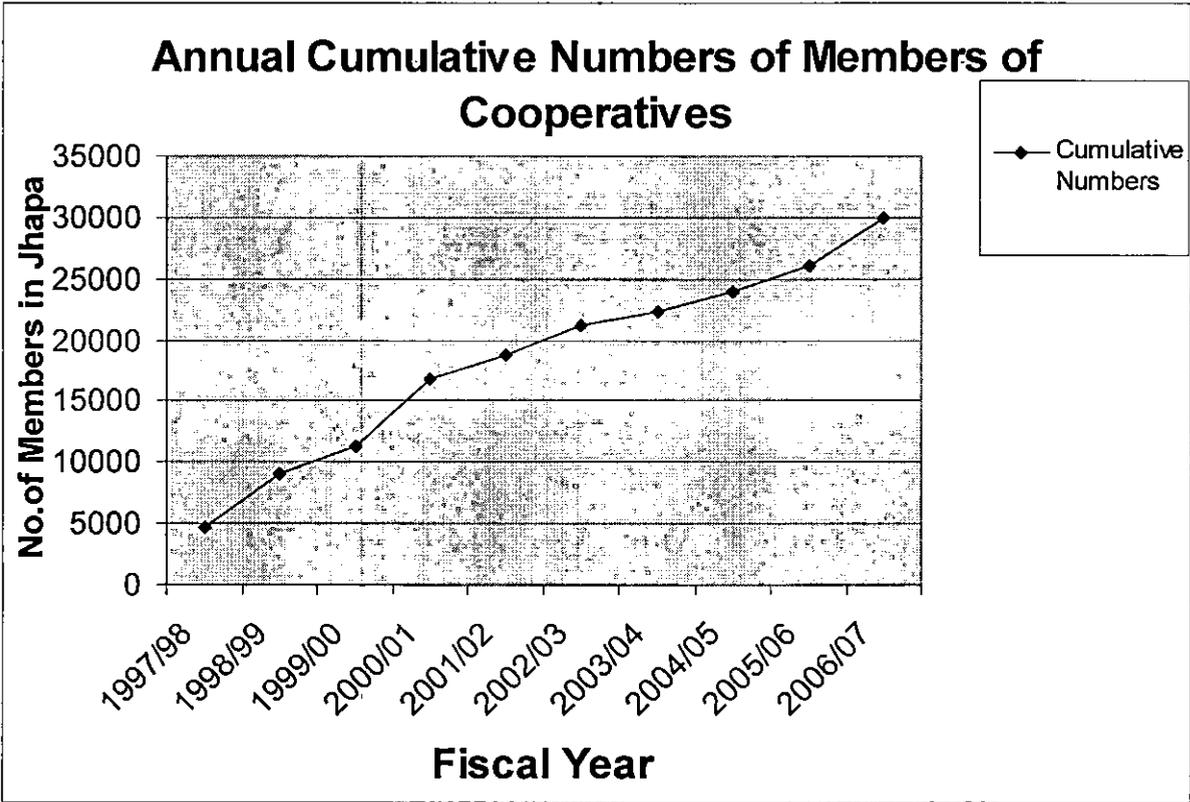
Sources: Jhapa Jilla ko Sahakari Sangh-Santha ko Gatibidhi- 2010, Division Cooperative Office Jhapa.

Table -6.2 shows the annual net increase in the number of members in Jhapa district. The number of members including previous two years in 1997/98 was 4678 where net members increased by 4392 in the fiscal year 1998/99. It means 93.9 percent higher members were involved in the cooperatives system in that year. In

1999/00, at least 2282 more people have taken membership in the cooperatives. In the same way, 5475 people have taken membership in 2000/01, which is 48.2 percent higher compared to previous year' cumulative figures. In 2001/02, 2017 people have got membership in it. It is found that the number of members is increasing in each fiscal year under study. In the table, the numbers shows the annual net addition in the membership.

This annual addition of membership on cooperatives in Jhapa district can be represented by the following Figure 6.2.

Figure -6.2



Sources: Jhapa Jilla ko Sahakari Sangh-Santha ko Gatibidhi- 2010, Division Cooperative Jhapa

The Figure - 6.2 shows the annual trend line of membership development in Jhapa district during the study period. In each fiscal year, there were certain net additions of membership in cooperatives. The upward increasing line shows the scenario of cooperatives membership development in the district. 93.9 percent members were increased in F/Y 1998/99 in the cumulative numbers whereas 25.2 percent members were increased in the next year. In the same way, 48.2 percent were increased in the F/Y 2000/01, 12 percent were in F/Y 2001/02, 12.3 percent were in F/Y 2002/03, 5.6 percent were in F/Y 2003/04, 7.1 percent were in F/Y 2004/05, 8.7

percent in F/Y 2005/06 and 15.4 percent were in F/Y 2006/07. The total numbers of members increased by 30040 during the ten years conflict time. In conclusion, the members increased by 418.9 percent higher in comparison to the fiscal year 1997/98.

6.3 Major Financial Indicators of Cooperatives in Jhapa

Major financial indicator of cooperatives during the study period in Jhapa district can evaluate the development scenario of cooperatives system in the economy. Capital formation in each year, saving mobilization and collection, investment amounts, repayment of loan in given time, gross income of the cooperatives, gross expenditure needs for the institutions and profit earning situation in each fiscal year proved the performance of cooperatives. In each fiscal year, the portion of capital was increasing, saving was additive, notable amount of repayment of loan, increasing amount of gross income and expenditure as well as profit. These all information shows the sound and well performance of cooperatives in Jhapa during study period. These cooperatives have provided the financial safe and proper friendship to the members during the conflict background in the economy.

The following Table 6.3 provides information of different financial indicators of cooperatives in Jhapa district during ten-year time.

Table - 6.3

Major Financial Indicators of Cooperatives in Jhapa (Rs.in'000)

F/Y	Capital	Saving	Investment	Reimburse- ment	Gross income	Gross expenditure	Profit
1997/98	9495	88449	15898	83558	15718	14082	7020
1998/99	10530	105653	160324	93436	16887	15860	5221
1999/00	29293	152552	134883	84600	22888	16870	7432
2000/01	47196	205611	141216	95575	23550	15200	7420
2001/02	11501	10728	15357	92888	22900	17450	5890
2002/03	19626	19612	70744	63998	27502	17290	7250
2003/04	10681	10494	101820	58858	25198	14500	6002
2004/05	9738	10609	27044	94320	26600	14375	4522
2005/06	9835	36867	62236	82175	22840	14300	5220
2006/07	16393	59020	83360	91900	28187	15508	7730
	174288	699595	812882	841308	232270	155435	63707

Sources: Jhapa Jilla ko Sahakari Sangh-Santha ko Gatibidhi- 2010.

The Table - 6.3 shows that in F/Y 1997/98, there was 9495 thousand capital accumulated by the cooperatives whereas in F/Y 1998/99, it was Rs.10530 thousand. Similarly, in F/Y 1999/00 there was Rs.29293 thousand capital collected by the cooperatives. In this way, the cooperatives collected Rs.174288 thousand higher level capitals during the ten-year time. Saving on the other hand, mobilized more and more compared to earlier F/Y. As in the table, Rs.88449 thousand saving was collected in F/Y 1997/98 whereas Rs.105653 thousand was in F/Y 1998/99. Similarly, Rs.152552 thousand saving was collected in F/Y 1999/00. During that ten-year time, cooperatives were able to collect Rs.699595 thousand saving in Jhapa district. This saving would invest on the behalf of the members so that they can improve their living standard. Therefore, the cooperatives were invested Rs.15898 thousand in F/Y 1997/98 whereas Rs.160324 thousand in F/Y 1998/99. Similarly, they were invested Rs.812882 thousand on their members during the study period. The investment amount should return timely on these institutions. The loan repayment of the cooperatives is found better in the study. In F/Y 1997/98, there was Rs.83558 thousand loan repayments done by the members whereas Rs.93436 thousand was in F/Y 1998/99. Similarly, there was Rs.84600 thousand repayments of loan in F/Y 1999/00 and Rs.95575 thousand was in F/Y 2000/01. They have collected Rs.841308 thousand invested loans back from the members on the study period.

Gross income of the cooperatives during the study period in Jhapa was Rs.232270 thousand. Annual gross income of the cooperatives also shows the regular improvement in the income-earning stream. Gross income covers 28.6 percent of investment whereas it covers 133.3 percent of the capital investment. Gross expenditure of the cooperatives on the other hand shows the annual expenses of the institutions on the given time period. This expenditure in each fiscal year seemed to low-level fluctuation. It means the gross expenditure was nearly constant during the time period. These institutions have no attitudes of spending more instead of having income. These institutions have the average expenditure of Rs.15543.5 thousand in each fiscal year in Jhapa district. The expenditure is not only the expenses of the cooperatives, but the income of the employees and members also. Employees' salary, member's incentives etc. are recovered by the expenditure.

Profit of the cooperatives was Rs.63707 thousand on the study period. In each fiscal year, these cooperatives were able to earn profit as shown in the Table. It is noticed that the profit margin was sustainable in these cooperatives. On the background of conflict, this type of profit was valuable for the cooperatives. This profit amount is 7.84 percent of the total investment in the district.

6.4 Some Sampled Cases of Cooperative Societies within Jhapa

The position of cooperatives is in Jhapa not only the supportive factor of development and other indicators; it is found that some sampled cooperatives results support the overall district's facts. The total members increasing trends within that period, increasing amount of shares, savings of the members, investment and repayment, total assets and fixed assets conditions as well profit margin etc. supports the overall district facts. For the purpose of comparison, it has taken three cooperatives societies as sample to support the whole district data. Nawadurga Multipurpose Cooperatives, Mechi Cooperatives and Damak Multipurpose Cooperatives are the random sample for the case study.

6.4.1 Members Increasing Trends in Sampled Cooperatives

While taking data of selected cooperatives in Jhapa district, it shows the progressive trends in all respects. Annual reports of those cooperatives helped the desired inquiry by the researcher. The numbers of members in each of these cooperatives in the study period shows the increasing position. In each year, these cooperatives added the more number of members in their societies.

The following Table 6.4 shows the members increasing condition in sampled cooperatives.

Table - 6.4
Members Increasing Trends in Case Study Area

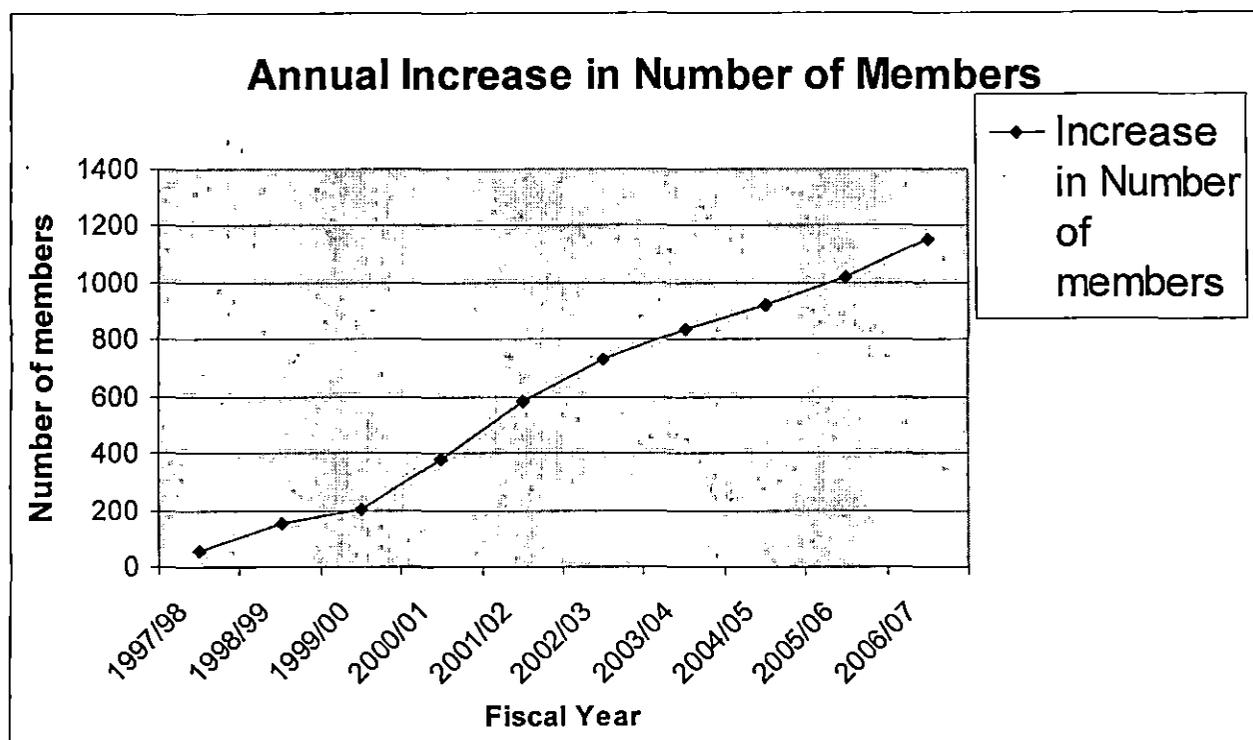
F/Y	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Nawadurga Multipurpose Cooperatives	27	38	75	105	163	191	227	258	291	311
Mechi Cooperatives	29	115	127	177	278	391	416	439	476	505
Damak Multipurpose Cooperatives				96	142	147	193	226	256	340
Total:	56	153	202	378	583	729	836	923	1023	1156

Sources: Annual Reports of the Cooperatives.

The Table -6.4 shows the annual increment of cooperatives members in the sampled cooperatives in Jhapa. In F/Y 1997/98 there were 56 members in three cooperatives but there were 153 members in these cooperatives in F/Y 1998/99. In the same way, there were 202 members in year 1999/00, but there were 378 members in F/Y 2000/01. Again, in successive F/Y there were 583 members, 729 members and 826 members and so on in different fiscal year. The numbers of members reached 923 in F/Y 2004/04. Similarly, the members increased up 1023 in F/Y 2005/06 and 1156 in F/Y 2006/07. These all shows the numbers of members in cooperatives societies were increasing during that study period.

The following Figure 6.3 represents the annual increment trends of members in the case study area.

Figure - 6.3



Sources: Annual Reports of the Cooperatives.

The Figure -6.3 shows the annual increase of members in cooperatives. The trends line in different fiscal year upward shifting in each fiscal year. The point of the line in the very beginning was in 56 whereas the point after ten-year period rose up to 1156 point. It means the numbers of members of the cooperatives in each fiscal year gradually increasing. The numbers of members of the cooperatives in each F/Y seemed to be increasing in Jhapa district during conflict period as in Morang district.

6.4.2 Member's Shares Amount in Cooperatives under Study

Share amount played vital role on financial activities in each cooperative. Member's shares in cooperatives also have the prominent role in the development of such societies. As much as the shares higher will be the investment opportunities, higher will be the chance of profit, bonus and other improvement in the cooperatives. In the district for case study, the amount of shares found increasing. Again, in the sampled cases, the amount of shares added by the members increased per year. Why the members want to increase the amount of capital? There are open objectives of

benefits. The following Table 6.5 shows the ten-year progress of increasing shares capital of the cooperatives.

Table - 6.5

Shares Amount of the Members in Study Area (trends) (Rs. in'000)

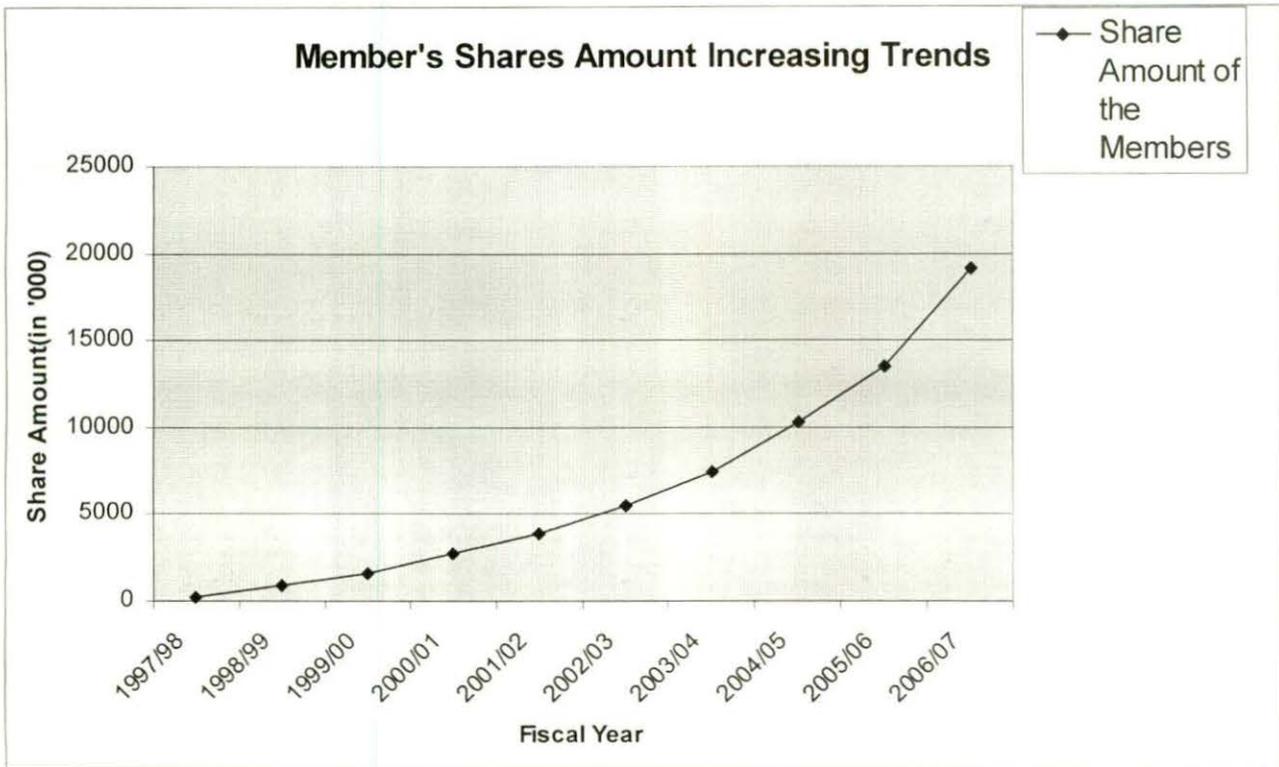
F/Y	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Nawadurga Multipurpose Cooperatives	125	166	232	289	437	575	849	1087	1239	1829
Mechi Cooperatives	145	727	1369	1667	2537	3333	4264	4908	5855	7162
Damak Multipurpose Cooperatives				835	900	1565	2383	4291	6463	10108
Total:	270	893	1601	2791	3874	5473	7496	10286	13557	19099

Sources: Annual Reports of the Cooperatives.

Table - 6.5 shows the shares amount increasing trends of the three cooperatives during that study period. In the very beginning, the shares capital of these cooperatives was 270 thousand in F/Y 1997/98 whereas it was 893 thousand in F/Y 1998/99. The amount of capital was continuously increasing in another year and reached 1601 thousand in 1999/00. In the same way, the share of the cooperatives was increasing gradually in each successive fiscal year. In F/Y 2000/01 the amount was 2791 thousand whereas this was 3874 thousand in F/Y 2001/02. Similarly, the amount of capital in F/Y 2002/03 was 5473 thousand, in F/Y 2003/04 was 7496 thousand, in F/Y 2004/05 was 10286 thousand, in F/Y 2005/06 was 13557 thousand and in F/Y 2006/07 was 19099 thousand. It is found the drastic changes in the capital amount of the cooperatives societies during that period.

The following Figure 6.4 shows the shares capital amount increasing trends of the three cooperatives within the study period.

Figure - 6.4



Sources: Annual Reports of the Cooperatives.

Figure - 6.4 also represents the facts that the member's shares capital in the cooperatives is increasing during study period. The line is starting from 270 point in fiscal year 1997/98 and continuously shifted upwards to the right. The movement is faster in the later fiscal year compared to previous fiscal year as societies hampered more by the insurgency. The profit margin of cooperatives was Rs.19099 thousand at the end of F/Y2006/07.

6.4.3 Member's Saving Amount in Study Area

In the time of insurgency, there were not medium of collection of saving and its mobilization. Many villages were out of the reach of banking and financial institutions. Some of the institutions were closed and shifted away from the villages. But financial and other types of cooperatives were strengthened their places in the villages and urban area too. Members have faith on cooperative societies in the villages and kept their saving amount in it. That's why the saving of each of these cooperatives was rise instead of abnormal condition was there.

The Table 6.6 below shows the saving amount of the cooperatives in different area of the district.

Table - 6.6

Member's Saving Amount in Study Area (Rs.in'000)

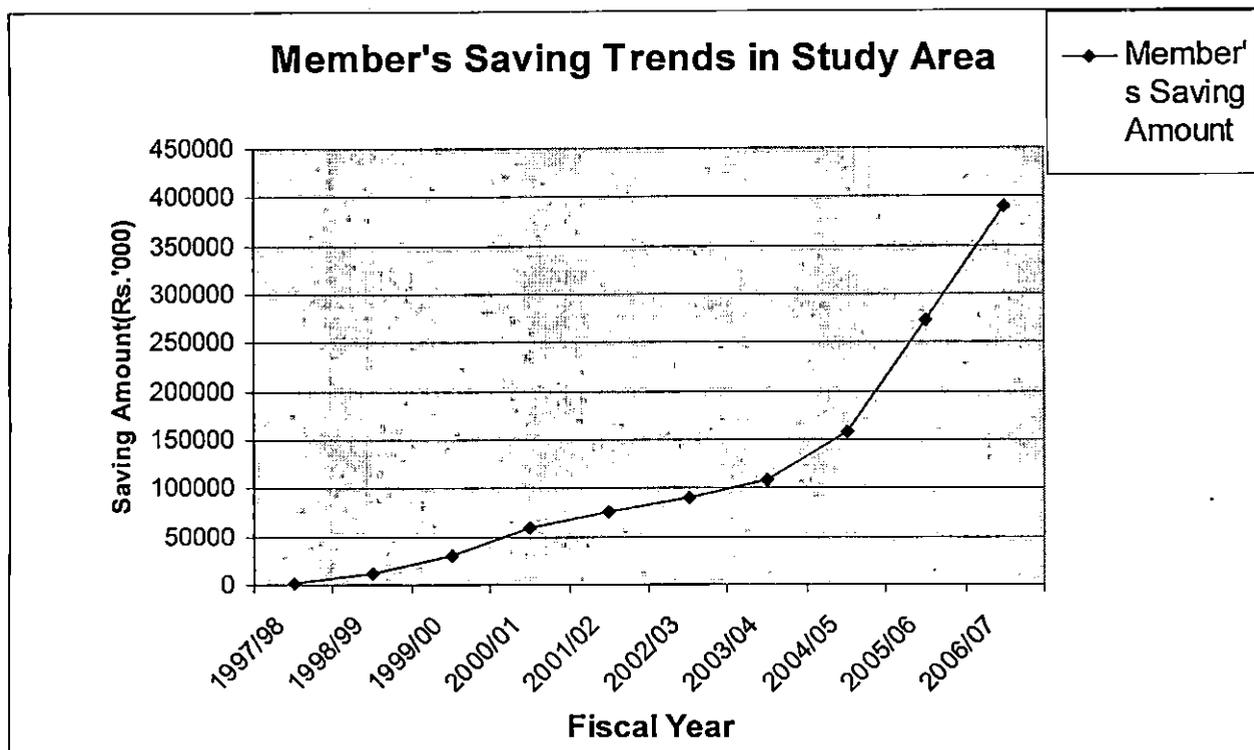
F/Y	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	Total
Nawadurga Multipurpose Cooperatives	130	229	1192	2260	5119	8013	12664	21408	29474	60320	140809
Mechi Cooperatives	1751	12977	30457	44838	56612	64531	69695	95721	183054	268784	828420
Damak Multipurpose Cooperatives				12907	15199	18300	25600	41000	59800	61700	234506
Total:	1881	13206	31649	60005	76930	90844	107959	158129	272328	390804	1203735

Sources: Annual Reports of the Cooperatives.

Table - 6.6 above shows the three cooperative's saving amount in the case study area in the Jhapa district. Initially, the saving of the cooperatives was Rs.1881 thousand in F/Y 1997/98 in the selected three cooperatives whereas this amount was Rs.13206 in another F/Y. In the same way, the amount was Rs.31649 thousand in F/Y 1999/00 and Rs.60005 thousand in the F/Y 2000/01. Similarly, it was raising and reached Rs.76930 thousand in F/Y 2001/02 and was Rs.90844 thousand in another F/Y 2002/03. This saving amount was rising gradually up to the fiscal year 2006/07. At the end of fiscal year 206/07, the saving amount was Rs.1203735 thousand in these three cooperatives. This amount is many times increase compared to the first F/Y.

The following Figure 6.5 shows the saving amount of the members increasing in the cooperatives societies in the study area.

Figure - 6.5



Sources: Annual Reports of the Cooperatives.

Figure - 6.5 above shows the saving amount of the cooperatives in the sampled area in the case study. Member's saving amount trends within ten-year time at a once have helped to know the saving amount of the member's during that period. Initially, the saving points was in Rs.1881 in the beginning F/Y whereas it was Rs.13206 point in the next fiscal year. In the fiscal year 1999/00 the point was Rs.31649 and in F/Y 2000/01 it was Rs.60005 point. Similarly, the ratio of increment of saving in each year was rising faster thereafter. At the end of F/Y 2006/07, the saving point reached to Rs.1203735 thousand which too many percent increase compared to first fiscal year. These all condition shows that people were not frightened by the conflict to save the money in the cooperatives.

6.4.4 Cooperatives Investment Amount in Study Area

The investment condition of the co-operatives in Jhapa was in comfortable situation. The investment was possible by the summation of saved amount by the members and the share amount collected from members. The saving amount was

helpful for the members, which in turn transmitted into the investment for them. These investments amounts have major role on poverty reduction and income generation.

The total investment condition of the selected co-operatives during different F/Y shows by the help of a following Table 6.7.

Table - 6.7

Co-operatives Investment Amount in Study Area (Rs.in'000)

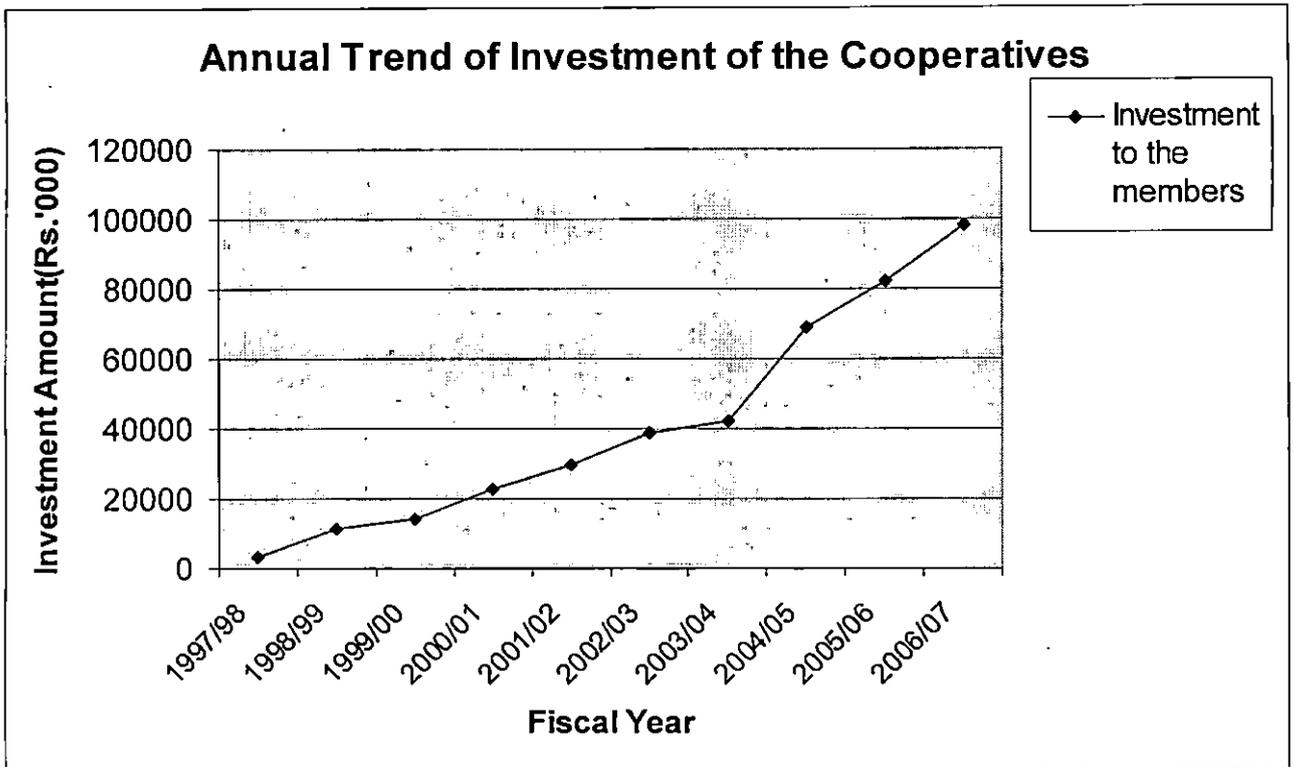
F/Y	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	Total
Nawadurga Multipurpose Cooperatives	596	1419	2336	3522	5865	8214	11670	18840	23303	29369	105134
Mechi Cooperatives	2971	9984	12201	15289	18577	22917	20832	32277	39042	44623	218713
Damak Multipurpose Cooperatives				4250	5239	7941	9546	18200	19800	24400	89376
Total:	3567	11403	14537	23061	29681	39072	42048	69317	82145	98392	413223

Sources: Annual Reports of the Cooperatives.

The Table - 6.7 shows that the investment amount of co-operatives in sampled area is increasing. Out of them, Mechi co-operatives had major role on overall investment. Damak and Nawadugra co-operatives were increasing their investment amount. In the very beginning, the invested amount of the cooperatives was Rs.3567 thousand in F/Y 1997/98 and Rs.11403 thousand in F/Y 1998/99. Similarly, the invested amount of the cooperatives in F/Y 1999/00 was Rs.14537 thousand, in F/Y 2000/01 was Rs.23061 thousand, in F/Y 2001/02 was Rs.29681 thousand; in F/Y 2002/03 was Rs.39072 thousand. In the same way, the invested amount was increasing gradually in each fiscal year and reached up to Rs.413223 thousand at the end of fiscal year 2006/07. This regular improvement in investment in the cooperative societies proves that they have helped the members in the insurgency.

The following Figure 6.6 displays increasing trends of investment in the cooperative societies.

Figure - 6.6



Sources: Annual Reports of the Cooperatives.

This trend line shows the increase investment of co-operatives in case study area. The all selected co-operatives investment amount is increasing. Initially the Figure -6.6 shows the Rs.3567 thousand point in F/Y 1997/98 but this point gradually increasing up and high above in each fiscal years. In F/Y 2000/01, the amount was in Rs.23061 thousand points which is many times more compared to first year. In the same way this amount was increased up Rs.69317 in F/Y 2004/05, Rs.82145 thousand in F/Y 2005/06 and at last it reached Rs.98392 thousand investment in F/Y 2006/07. Therefore, this trends line which is upward sloping shows the increasing investment position in the cooperatives though there were not easy condition in the country.

6.4.5 Increasing Trends of Total Assets of Cooperatives

Cooperatives societies increase their total assets condition in each fiscal year. Their working capital, saving, earning, commission, fixed assets such as land, building, vehicles etc were seemed to be increasing. Their transaction in each year was increasing. Their balance sheet proved that they are improving the condition

regularly. The Table 6.8 below shows the increasing trends of total assets of the cooperatives during study period.

Table -6.8

Trends of Total Assets of Co-operatives in Study Area (Rs, in'000)

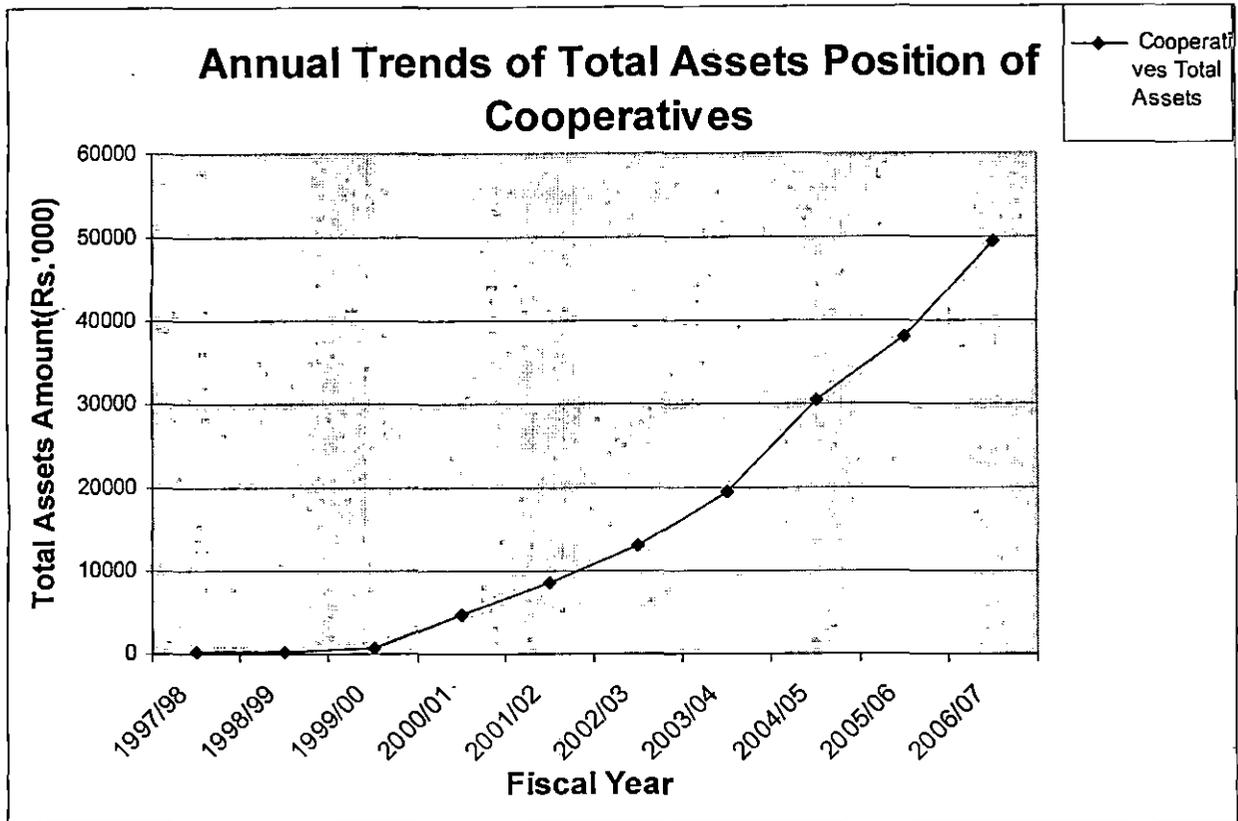
F/Y	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	Total:
Nawadurga Multipurpose Cooperatives	129	132	262	614	854	1448	2853	5381	6305	10477	28455
Mechi Cooperatives		122	419	1726	1946	2663	3762	5229	8050	11557	35474
Damak Multipurpose Cooperatives				2420	5688	9063	12800	19900	23700	27600	101171
Total:	129	254	681	4760	8488	13174	19415	30510	38055	49634	165100

Sources: Annual Reports of the Cooperatives.

Table - 6.8 shows that the total assets were Rs.129 thousand in F/Y 1997/98 whereas it were Rs.254 thousand in F/Y 1998/99. Similarly, it were rising up and reached Rs.681 thousand in F/Y 1999/00, Rs.4760 in F/Y 2000/01, Rs.8488 in F/Y 2001/02, Rs.13174 in 2002/03, Rs.19415 in F/Y 2003/04. In the same way, the amount of total assets were increasing during that period and reached Rs.165100 thousand at the end of the F/y 2006/07. These all represents that the cooperatives were increasing their economic condition during that period.

The Figure - 6.7 below shows the total assets increasing condition of the cooperatives in the case study area.

Figure - 6.7



Sources: Annual Reports of the Cooperatives.

The Figure - 6.7 shows that the cooperatives were in weak in total assets condition initially but after F/Y 2000/01 they were able to takeoff the condition and stepped up the point as Rs.4760 thousand. After that period, they gradually raised up the situation though the unfavorable social condition in the country. At last the total; assets of the cooperatives reached up to Rs.165100 thousand Nepalese currency, which is notable amount for the district in that time. It is found that these changes sustained during the study period. Therefore, cooperatives can sustain their stability by increasing the total assets in the conflict economy.

6.4.6 Profit Trends of Cooperatives in Case Study Area

The sustainability of the commercial institutions depends upon the profit margins, which they earned by the business. If they are not able to earn any profit, they postponed the activities and shut down the business. But, in the study of cooperatives under sample, as well as in the case study area; they were enjoying

profit a little. Cooperatives should pay 15-25 percent profit tax on profit to the government. Therefore, they directly showed the expenses in the name of members as medical expenses as bonus. The amount of such indirect bonus is found as 15-35 (annual ledger maintain by the cooperatives for their members) percent in different cooperatives as their economic condition or earning. These are the reasons of low level of profit. Therefore, they have earned more level of profit than shown in the annual reports.

The Table 6.9 shows the profit margin of the cooperatives in the case study area.

Table - 6.9
Profit Trends of Co-operatives in Case Study Area (Rs.in'000)

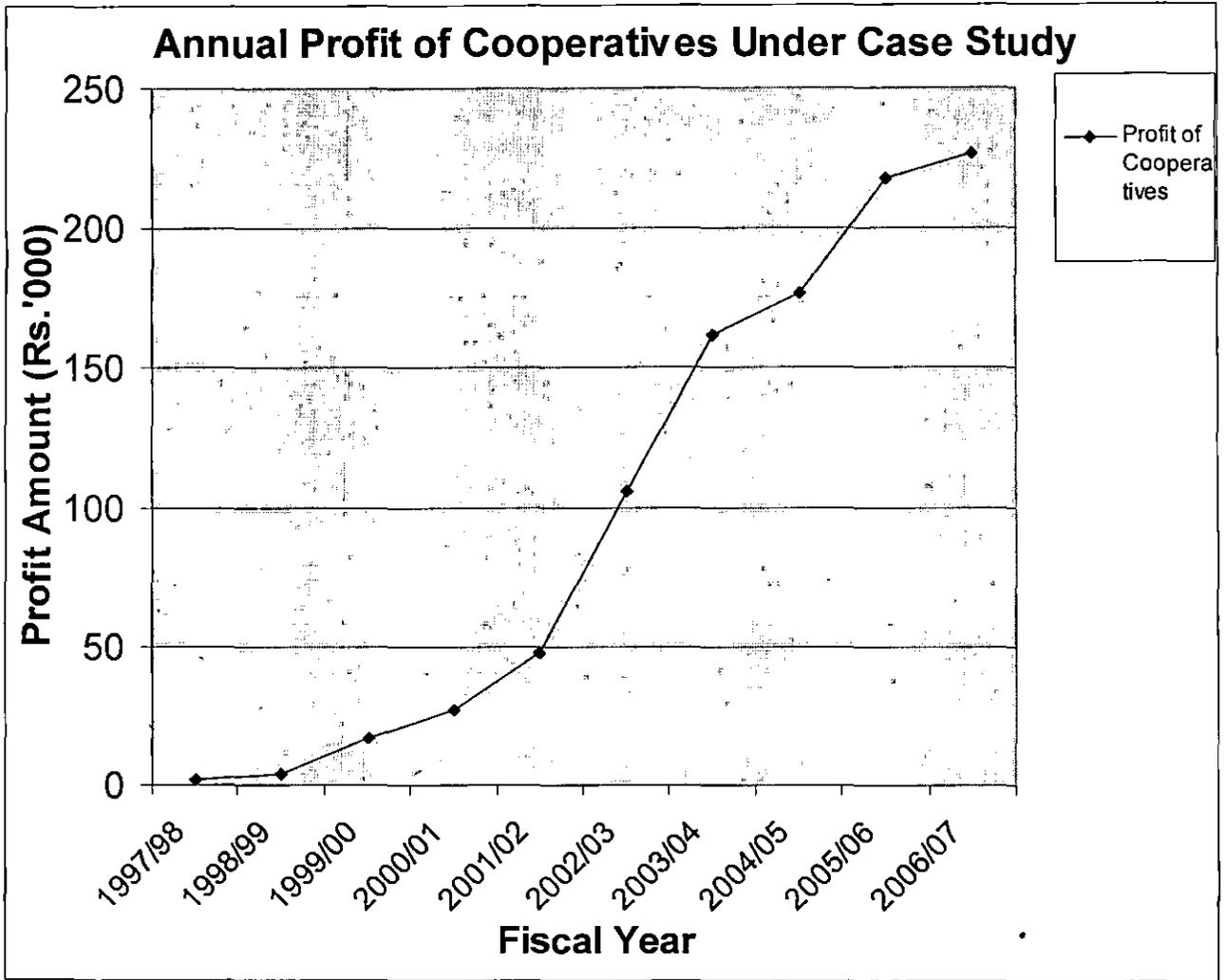
F/Y	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	Total
Nawadurga Multipurpose Cooperatives	2	3	4	3	4	3	4	5	5	5	38
Mechi Cooperatives		1	13	19	35	91	122	123	154	157	715
Damak Multipurpose Cooperatives				5	9	12	36	49	59	65	235
Total:	2	4	17	27	48	106	162	177	218	227	988

Sources: Annual Reports of the Cooperatives.

Table - 6.9 simply shows the profit margin of the cooperatives during study period. Initially, profit of the cooperatives was Rs.2 thousand in F/Y1997/98 but that profit just double in another fiscal year. In the same way, the profit of the institutions gradually was rising up in each fiscal year. In F/Y 2001/02 the profit amount was Rs.48 thousand whereas this margin in F/Y 2005/06 was Rs.218 thousand and in F/Y 2006/07 it was Rs.227 thousand. Although the profit amount was in low level but the members account benefited by unannounced bonus as medical expenses, educational expenses, which are free from tax calculation by tax law.

The Figure 6.8 below shows the profit-earning situation of selected three cooperatives in Jhapa district.

Figure - 6.8



Sources: Annual Reports of the Cooperatives

Figure - 6.8 shows the profit trends of the selected cooperatives under case study. Initially, the point was in Rs.2 thousand whereas the point in F/Y 2001/02 was in Rs.48 thousand. The increasing point of profit in each year is showing by upward sloping line. At last, the point was in Rs.227 thousand in F/Y 2006/07. This condition of cooperatives is taken as lower level of profit but the hidden benefit on account of the members shows the fruitful situations in cooperatives societies.

6.4.7 Fixed Assets of Cooperatives in Case Study Area

Each of these cooperatives taken as case study has the fixed assets as land, building, vehicles and other properties. Nawadurga Cooperatives has one kattha and 4 Dhur land, heavy vault, furniture and others. Damak Cooperatives has double floor

building within one kattha of land having many rooms, comfortable furniture, safe vault and others. On the other hand Mechi Cooperatives has seven floor heavy building, many rooms, convention hall, view tower, FM radio station of its own - named Saptarangi FM - and other many facilities in its. One kattha of land is covered by the building. In this way, the fixed asset of the cooperatives is increasing gradually in each year of time.

The Table 6.10 shows the additional fixed assets of the cooperatives in each year during study period.

Table -6.10
Fixed assets of Co-operatives in study area (Rs in'000)

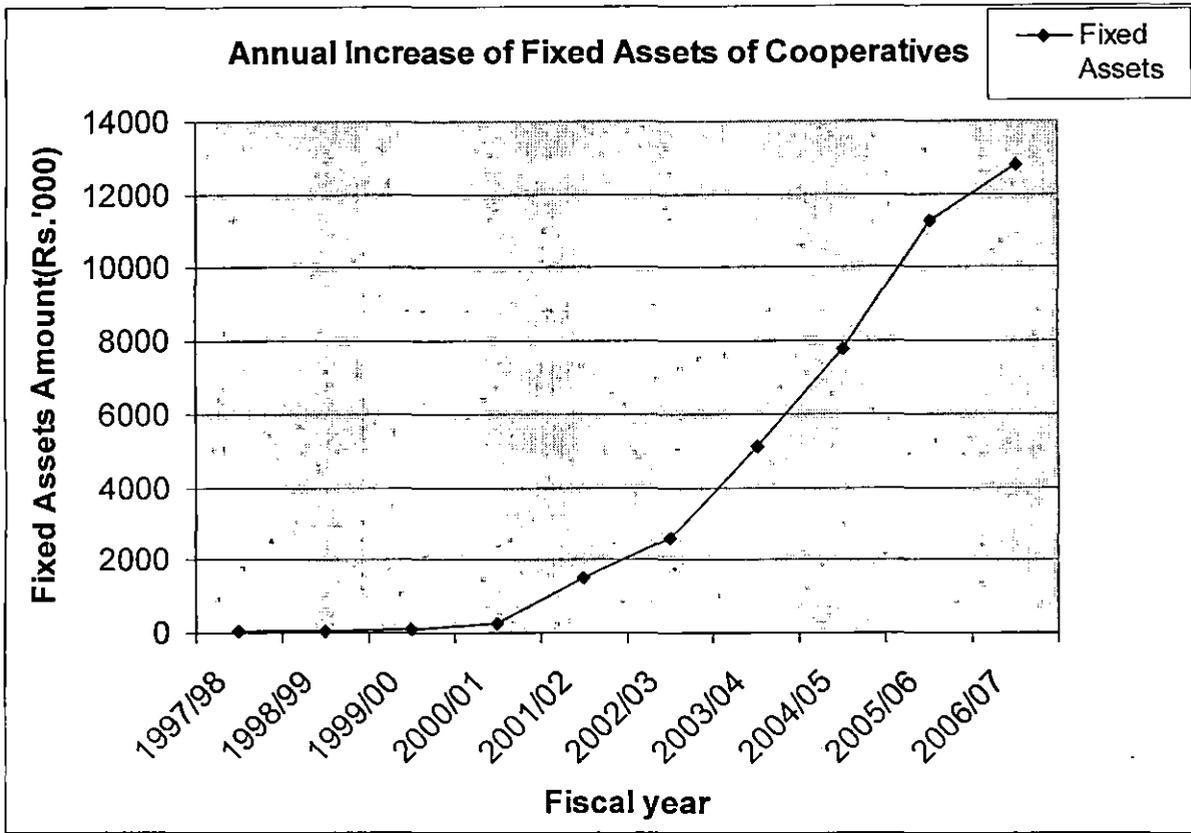
F/Y	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	Total
Nawadurga Multipurpose Cooperatives	5	8	8	10	8	11	29	30	1209	1250	2568
Mechi Cooperatives	48	66	107	277	1502	2500	3088	5555	8045	9600	30788
Damak Multipurpose Cooperatives				2	3	111	1983	2184	2038	1961	8282
Total:	53	74	115	289	1513	2622	5100	7769	11292	12811	41638

Sources: Annual Reports of the Cooperatives.

Table - 6.10 shows the year wise increment of the fixed assets of three selected cooperatives in Jhapa district. In the beginning, there were only Rs.53 thousand fixed assets of these cooperatives in F/Y 1997/98 whereas it was Rs.74 thousand in F/Y 1998/99 and Rs.115 thousand in F/Y 1999/00. In the same way, it increased up Rs.289 thousand in F/Y 2000/01, Rs.1513 thousand in F/Y 2001/02, Rs.2622 thousand in F/Y 2002/03, Rs.5100 thousand in F/Y 2003/04 respectively and so on. At the end of F/Y 2006/07; fixed assets of the cooperatives was Rs.12811 thousand in during that time. Therefore, the total asset of the cooperatives during that time period was Rs.41638 in these three cooperatives.

The following Figure 6.9 shows the fixed assets increasing trend of the selected cooperatives in the district in the time of conflict.

Figure -6.9



Sources: Annual Reports of the Cooperatives.

Figure - 6.9 shows the increasing fixed assets of the cooperatives in the selected cooperatives under study. The increment of the fixed assets was slowly rising up. The point was in Rs.53 thousand only in F/Y 1997/98 whereas the same was in Rs.1513 thousand point in F/Y 2001/02. Similarly, the fixed assets added in each fiscal year and became Rs.2622 thousand in F/Y 2002/03, Rs.5100 thousand in F/Y 2003/04 and so on. At last, the point was in Rs.12811 thousand in F/Y 2006/07. Therefore, the cooperatives were adding their fixed assets during the insurgency too.

6.4.8 Overall Comparison of Variables in Study Area

Three selected cooperative's annual reports, their officials and members are the valuable information sources of the results. But mainly the annual reports are used as interpretation of the results. The physical infrastructure development report is taken from the annual reports as well as from the manager of the cooperatives. Some key information taken from Division Cooperative Office Jhapa. The all

variables discussed previous topic in this chapter in the context of three cooperatives, are again comparatively discussed with the help of Table 6.11 below.

Table - 6.11

Overall Trends in Study Area

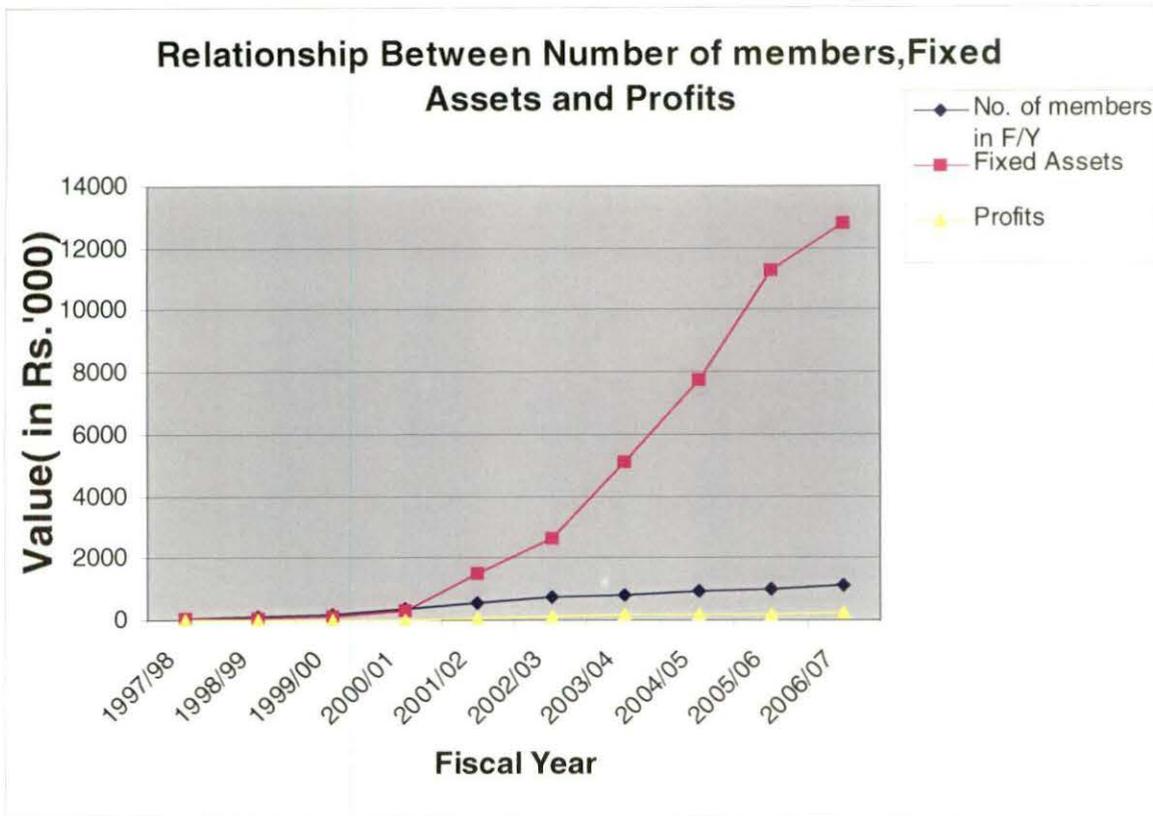
F/Y	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
No. of members in F/Y	56	153	202	378	583	729	836	923	1023	1156
Fixed Assets	53	74	115	289	1513	2622	5100	7769	11292	12811
Profits	2	4	17	27	48	106	162	177	218	227
Share capital in different F/Y	270	893	1601	2791	3874	5473	7496	10286	13557	19099
Saving in different F/Y	1881	13206	31649	60005	76930	90844	107959	158129	272328	390804
Investment in different F/Y	3567	11403	14537	23061	29681	39072	42048	69317	82145	98392
Total assets	129	254	681	4760	8488	13174	19415	30510	38055	49634

Sources: Annual Reports of the Cooperatives.

Table - 6.11 shows the overall trends of the selected three cooperatives in Jhapa district. Number of members increasing trends in each F/Y, fixed assets increasing position, profit margins of the cooperatives, shares capital of the member increasing in each fiscal year, saving and its mobilization as well as total assets of the cooperatives at a once can be examine by the table. All type of value in the table shows the positive improvement in the cooperatives societies. Cooperatives were treated mini bank in the villages and now government also recognized one tire out of three tire of financial system. Saving collection and its investment within members shows fruitful future situation of cooperatives movement. Similarly, the increasing fixed assets composition in cooperative societies, which is proved as the future pillar for the sustainability.

The following Figure 6.10 shows the relationship between members increasing trends, fixed assets increasing situation and profit margins of the cooperatives.

Figure - 6.10

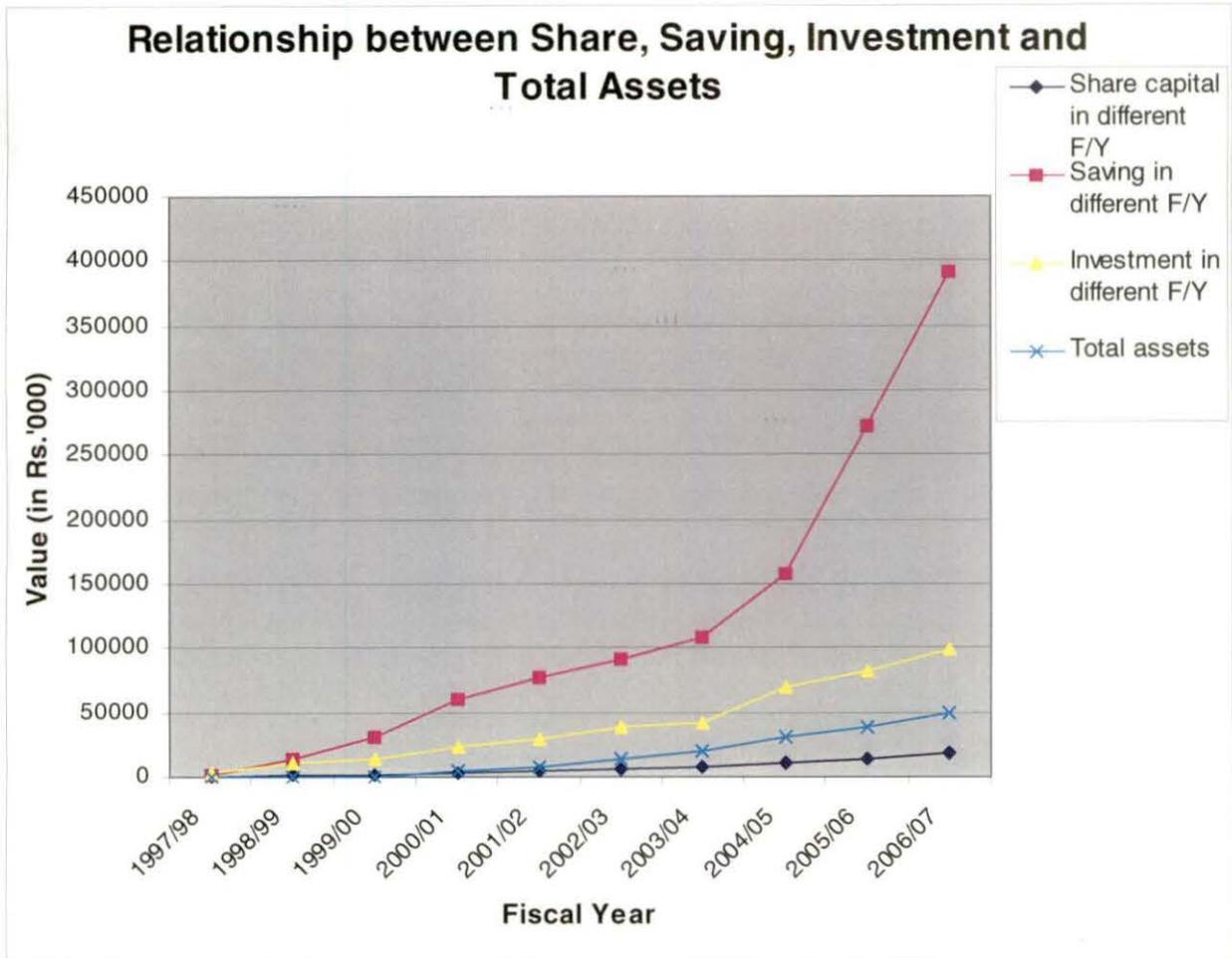


Sources: Annual Reports of the Cooperatives.

Figure - 6.10 shows the three different variables at a once for the comparison. Number of members in each fiscal year is increasing. In the first F/Y 1997/98 there were only 56 members in the cooperatives where as the numbers was 1156 in F/Y 2006/07. It means the attraction of the members upon cooperatives is increasing day by day. In the same way, there was Rs.53 thousand fixed assets of the cooperatives in the first fiscal year and this was gradually rising up and became Rs.12811 thousand in F/Y 2006/07. Profits on the other hand, seemed to low volume but other benefit already given to the members as bonus in the medical expenses, educational expenses and cooperatives education etc.

The Figure 6.11 shows the relationship between share capital, saving, investment and total assets of the cooperatives societies.

Figure - 6.11



Sources: Annual Reports of the Cooperatives.

Figure - 6.11 shows the four variables at once for comparative study. It shows the highly dependency of the members in saving in cooperatives. Saving in the first fiscal year was Rs.1881 thousand which was gradually increasing and reached Rs.390804 thousand in F/Y 2006/07. The highly increasing slope line of saving proved the fact that saving of the members is attracted by the cooperatives. Investment on the other hand, is increasing continuously but less than the ratio of saving. Investment was Rs.3567 thousand in F/y 1997/98 where as it was Rs.98392 thousand in the F/Y2006/07. But the regular increasing flow of investment shows the interest earning of the cooperatives. Shares capital is also increasing continuously as the other variables. Total asset was Rs.129 thousand in F/Y 1997/98 whereas it was Rs.49634 thousand at the end of F/Y 2006/07.

Chapter Summary

It is found that cooperatives development spread not only in Morang district but spread in other part in the country. The cooperatives development is possible in the conflict economy too. In Jhapa, those cooperative institutions were flourished during the time of study. Their membership, share capital, investment of loan, saving, fixed assets, possession of land and building etc. were improving in each year. They are actively working in the field of micro credit providing small loan facilities. The members have improved their economic status in the study period. Many banks were closing down but cooperatives were enjoying profit and running efficient on that period. Cooperatives societies are helpful tools for the societies and members, which improved socioeconomic condition of the members even though there was severe conflict. By testing the hypothesis, it is found that conflict situation has led enormous growth of cooperatives societies during the period of conflict.

Some of the sampled cooperatives from case study area are found in better condition as they have huge number of members. They owned comfortable land and building and have their own offices. They at least shared 20 percent amount as bonus to the shareholders. They insured their members as group insurance for medical treatment. Therefore cooperative societies are helpful tools for the economy, which fulfilled the financial needs of the village people.