

学位論文全文に代わる要約  
**Extended Summary in Lieu of Dissertation**

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学位論文題目 :

Title of Dissertation

Development and Role of Agricultural Cooperatives in Nepal  
-A Case Study of Chitwan and Makawanpur District-  
(ネパールにおける農業協同組合の展開と役割  
-チトワンとマカワンペル地域を事例として-)

学位論文要約 :

Dissertation Summary

Abstract

Formally the history of cooperative development in Nepal has been started after the establishment of co-operative department in the year 1953 under the Ministry of Agriculture for the promotion, supervision and evaluation of co-operative societies. In the beginning, co-operative movement in the real sense was greed up with the establishment of 'Bakhan Saving and Credit Co-operative Ltd'. In Rapti valley, Chitawan in 1956 as part of the resettlement program for the flood stricken people in Rapti under the active support of United States agency for international development on experimental basis. The panchayat government during 1961-1989 attempt to make cooperatives as appropriate rural institution for channeling credit for rural poor and fulfills various agricultural requirements in the agrarian rural society. Various types of cooperatives were formed in Nepal to fulfill various objectives of the agrarian rural people. The enactment of cooperative society Act 1959 establishment of cooperative bank and its conversion into agriculture development bank were some of the important events in this direction. The first cooperative societies Act was revised several times and it was replaced by the saja societies Act in 1984. After the restoration of multiparty democracy (1991) the saja Societies Act was replaced again by the cooperative act 1992 and the cooperative Rules 1993. The National Cooperative Development Board (NCDB) was formed with the dissolution of the then sajha central Office in 1991. Cooperative Sectors is growing very fast and at present there are 31,177 primary cooperatives up to mid-February, 2015 operating throughout the country. Out of this 7,095 (24.03%) were Agriculture Cooperatives having more than 5, 87,251 members (MOCPA, 2015).

The proposed study aims to undertake a survey amongst rural (primary) agricultural cooperative societies to assess, identify and evaluate the business, financial, social and managerial aspects of the selected cooperatives. Makwanpur district and chitwan district, lies in central region of Nepal were purposively selected for the study. Altogether four cooperatives – two from Makawanpur district and two from chitwan district were selected. The

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total 100 members comprising 25 members and management committee from each cooperative selected randomly constitute sample of the study. Basically, this study depends upon the primary data collected from the field study. Structured questionnaire, field observation, personal interviews and focus group discussion were the tools used for this purpose. Beside this some other useful data are collected from the relevant secondary sources from related area.

Research found that Most of the members (57%) and committee members (64.58%) are male and have the member of family between 2 to 4. A simple majority of the members (42%) are literate, 35.42% committee members possess secondary level education and 20.83% committee members possess collage level education with agriculture as a main occupation (72% and 84.62% respectively. The majority (41%) of the members, 81% committee members sold their goods to the cooperatives. Similarly 27% members and 8.33% committee member sold the goods produced by them to the local traders followed by just 7% members, 10.42% committee members sold their goods to the market. .More than 54% members and 78.33% committee members had taken loan from the cooperatives .More than 26% members and 15.63% committee member had taken loan from bank and financial institution also 20% member and 6.25% committee member taken loans from the money lenders.

The total number of members in the cooperatives is increasing every year in all the research Cooperatives. In the fiscal year 210/2011, there were 2199 members in the selected cooperatives that increased every year and reached to a total of 2828 in the fiscal year 2012/2013. Of which, the number of female members was 1748 and the number of male members was 1080 in the year 2012/2013 in comparison to 811 and 1388 male and female members respectively in the base year 2010/2011.

Prior to joining the cooperative as members, 65 per cent of the members and 62.5 per cent committee members were engaged in agricultural activities. The percentage increased to only to 72 per cent and 77.08 per cent respectively. Similarly, involvement of members and committee members in other sectors are decreasing from 35 per cent to 28 per cent and 37.5 per cent to 22.92 per cent respectively. The situation reveals that there is no remarkable switch on in the occupation/profession of the members and committee members of the cooperatives. Before joining the cooperatives, 38% of the members had the

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average annual income of less than NRs 20,000, whereas the percentage drastically decreased to 0%. Similarly, before joining the cooperative 45% of members earning an annual income between NRs. 20,000-40,000, whereas the percentage decrease 20%.and the member earning NRs. 41,000-60,000 increased by 28% .It means that there is significant change in the annual income of the members and committee members of the cooperatives. It is due to the fact that most of the cooperatives selected for the study are giving proper attention for marketing of members' production and involvement in the marketing activities.

The percentage of the credit borrowed by the members and committee members from banks/financial institutions and moneylenders is decreasing and the credit borrowed from their respective cooperatives is increasing Before joining the cooperatives, 16% members and 10.42% committee members had borrowed loan from the cooperatives, whereas the percentage increased to 54% and 79.17% respectively by members and committee members. The dependency of credit borrowed from the banks/financial institutions and moneylenders is decreasing.

## **1. Introduction**

Economically, Nepal is an agrarian country. It is located between India and China with an area of 147181 sq. km. According to the 2011 census, 81.8 percent of the people live in rural areas. The majority of the people (65.7%) depend on agriculture for their livelihood (MOA, 2013) the pressure of population on agriculture is high. About 69.4% of the landholders have below 1 hectare of land (Nepal population and Environment, facts and figures, 2011). This shows that Nepali farmers fall in the category of small and marginal farmers. The population is growing at the rate of 1.4%, but the food production is not keeping pace with the increase in population. The country has been consistently ranked as one of the poorest countries in the world.

Cooperative Movement in Nepal has short history of about 53 years .During the period, Cooperative movement of Nepal has crossed many vicissitudes for better results. Although cooperative in Nepali society is not new

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concept, but modern cooperative business concept is certainly new one for Nepalese people. Nepalese Cooperative Movement can be studied dividing into three periods.

The first period of cooperative development is under parliamentary system after the establishment of multiparty democracy in 1991 by the popular people's movement against panchayat regime. After the restoration of democracy, the government of Nepal promulgated Cooperative act 1992 which liberated cooperatives from the control of the government. During this period, the number of cooperatives has flourished in rapid speed and later there occurred an accident of misappropriation. The amendment in Article No. 26 of Cooperative Act, 1992 in 2002 has restricted cooperative societies to collect saving deposit from non-members.

The In Nepal, many informal institutions like Dhikuti, Ghuthi, and Parma prevail as symbols of co-operatives. These institutions are pioneer informal community based institutions guided by mutual co-operation. The co-operative movement actually began in Nepal with the establishment of 13 credit co-operatives in Raptidun Valley in 1956 with USAID support. Before this, a separate department called Cooperative Development was also set up within the Ministry of Planning, Development and Agriculture in 1953. The co-operative Act of 1959 provided the first legal framework for the promotion of co-operatives. Furthermore, a co-operative bank was established in 1963 which latter merged with the Agricultural Development Bank (ADB) in 1967. The first Co-operative Societies Act was revised several times and it was replaced by the Saja Societies Act in 1984. After the restoration of multiparty democracy (1991) the Saja Societies Act was replaced again by the Co-operative act of 1992 and the Co-operative Rules of 1993. The National Co-operative Development Board (NCDB) was formed with the dissolution of the then Sajha Central Office in 1991. The Tenth Five-Year Plan (2002-07) of the Government of Nepal aimed at alleviating poverty by promoting commercialization of agriculture via co-operative sector development (Bajracharya, 2006).

The prominent cooperative businesses at present are saving and credit, dairy, vegetable, and consumer items. Other businesses operated by cooperatives are distribution of electricity, production of coffee and the tea, operation of transportation and cooperative hospitals, production of handicrafts as well as skill-works. Nearly 31,177 primary co-operatives are present and these are federated into a number of subject-specific co-operative unions at the district level (69), district co-operative union (241), central co-operative union (18), and 1 national co-operative bank. The national co-operative Federation is the apex level representative body of all the co-operatives at the national level. Number of people having membership in co-operative is 43, 52,005. Total share capital is NRs 3, 34,551.29 million, accumulated saving of the co-operative is NRs1, 58,162.70 million, outstanding loan is 1, 33,827.32 million (MOCPA, 2014) Out of this 7,095 (24.03%) were Agriculture Co-operatives having more than 587,251 members. Contribution by Co-operative sector assumed to be 3% percent of national GDP. More than 52,003 thousand Nepali citizens are directly employed in co-operative business (MOCPA, 2014).

## **2. Objectives of the study**

The importance and possibilities of the cooperative in the socio-economic development of the poor and marginal people are manifold. They have a number of contributions in the local resource generation and mobilization through the joint efforts of the community. The fact that the various tasks and challenges can be achieved through a viable, genuine and functional activities as well as dedicated leadership, professionally competent management and enlightened membership of the cooperatives, the proposed study aims to undertake a survey amongst rural (primary) agricultural cooperative societies to assess, identify and evaluate the business, financial, social and managerial aspects of the selected cooperatives. The general objective of the study is to find out the

development of Cooperative in Nepal.

The specific objectives of the study are as follows:

- To find out the socio-economic, managerial and operational performance, constraints and prospects of rural agricultural cooperative societies.
- To identify and evaluate the role of agricultural cooperative in the rural area.
- To provide relevant suggestions and recommendations for the proper development of rural agricultural cooperative societies.

### **3. Research Design.**

The sole purpose of this thesis was to diagnose and describe the development of cooperative in Nepal and role of agriculture cooperative limited on economic development of the rural small farmers. In order to meet the objective of this study, the descriptive and diagnostic method of research has been used. Both primary and secondary data information have been used in this study, but research was heavily based on primary data.

### **4. Rationale of the Selection of the Study Area.**

Makwanpur and Chitwan districts are located in the central region of Nepal. Both districts are expanded from Mahabharat Mountain in southern aspect to boarder of Tibet in north with varied climate and topography. The diversified topographical feature has provided great potentiality of agriculture business. Fertile low-lying plain land and river basins along the Trisuli River, Narayani River, Bagmati River and Rapti River are most potential for vegetable farming and food grain production and hilly area/ terrace land is favorable for horticulture as well as milk production. Capital city Kathmandu is a big market of agriculture products. Prithvi and Tribhuwan national highway are backbone for transportation facilities, so there is great potentiality of commercial farming of different types of which can contribute to reduce the rural poverty and

promote the national economy. It seems that community based organizations like agriculture cooperatives can play a significant role to provide technical, financial and marketing facilities to rural people. The rationale of the selection of this area for study is to analyze the services of this cooperative in rural economic development effort, such type of study has never been conducted and study signifies on economic development of study area. Altogether four cooperatives – two from Makawanpur district such as *Guptashori* agriculture cooperatives and *Manahari* small farmer agriculture cooperatives and two from Chitwan district such as *Janagarathi* vegetable and fruit producer agriculture cooperative and *Kerunga* vegetable and fruit producer agriculture cooperatives were selected for case study. The total 100 members comprising 25 members and management committee from each cooperative selected randomly constitute sample of the study.

## **5. Description of the study District**

Makwanpur district and Chitwan district, lies in the central region of Nepal were purposefully selected for the study. The reasons for selection of these districts were: (i) They are the most potential districts for commercial agriculture (ii) Increasing trend of Agriculture cooperative.

### **i) Makawanpur District**

Makwanpur District lies in the Central development region of Nepal. It is bounded by chitwan district to the west, Sindhuli, Lalitpure and Kavre, district to the east, Kathmandu and Dhading to the north and Parsha, Bara, rauthat district to the south. The total area of this district is 2, 42,600 hectares. It has 43 village development committees and one municipality. Hetauda is the district headquarters of this district. The district lies between the elevations of 166 to 2584m. The major rivers in the district are Rapati, Bagmati, Bakeiya etc. The district has subtropical, temperate and alpine climate. Topographically the district can be distributed in two areas. They are mid terai and mid mountain. Among its total area, the 61,014 (25.15%) hector lands cultivated and 1, 43,473 (59.14%) hector lands are under the forest covered. The total population of this district is 4, 27,494. Among them, 2, 10,564 (49.25%) are male and 2, 16,930 (50.75%) are female. The total number of

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household is 86,045, with the average household size of 4.77 the literacy rate of 6 years and above is 63.4% and the population density per sq. km. Is 176 (CBS, 2011).

## ii) **Chitwan District**

Chitwan district lies in the central development region of Nepal. It is bounded by Nabalparashi and Tanhun district to the west, Makwanpur and Parsha district to the east, Gorkha and Dhading to the north and Bihar and Uttarpredesh of India to the south. The total area of this district is 2, 21,800 hectares. It has 36 village development committees and two municipalities. Bharatpur is the districts headquarter of this district. The district lies between the elevations of 144 to 1947m. The major rivers in the district are Narayani, Rapati, Lothar, Kayar, Riu etc. The district has subtropical and alpine climate. Among its total area, the 46,894 hector lands cultivated. The total population of this district is 5, 79,984. Among them, 2, 79,087 are male and 3, 00,897 are female. The total number of households is 1, 32,345, with the average household size of 7 the literacy rate of 6 years and above is 76.97% and the population density per sq. km. Is 274.4 (CBS, 2011).

## **6. Sources of Data Collection.**

The information collected was both qualitative and quantitative in nature. Both the primary and secondary data were collected and assessed. A field survey was done by the researcher to investigate information related to services delivered by agriculture Cooperative as well as to gather the social and economic status and sources of income of the farmers of study area. Survey research was approached through the methods of personal interview, direct observation, questionnaires and checklist. Secondary data were collected from agriculture cooperative office, Co-operative Departments, Co-operative Training and Division Office Chitwan and Makawanpur district , National Co-operative Board, brochure, documents, related journals, publication, master's dissertations, newspapers, magazines, related books, and related co-operative websites.



## **7. Sampling Procedure.**

The study was carried out in Chitwan and Makawanpur district by selecting four cooperatives namely Guptoshori agriculture cooperative, Manahari agriculture cooperative, Janajagriti fresh vegetable and fruit cooperative and Kerung vegetable and fruit producer agriculture cooperatives. Twenty five members of each cooperative from each VDC and 48 committee members were selected for the study.

## **8. Data Collection tools and technique.**

For the information and data of primary type, the researcher concentrated to the members of four cooperatives, for which household survey, Focus group discussion and observation technique was implied. Similarly, the questionnaires, questioning routs checklist were used as tools for data collection were applied as instruments. Visit study area, meet with beneficiaries and non-beneficiaries and viewed the response of farmers toward agriculture cooperative limited.

## **9. Data Processing and Analysis.**

Data collected in the field and secondary sources were processed and analyzed by using different statistical tools. Different excel files are created to enable efficient handling, storage and management of collecting data. The Table, bar diagram and pie charts are used to present data. Most of the data are presented in tabular form and out of some which are also presented in graphs also. After analyzing the collected data, outcomes have also analyzed. To improve the affectivity of cooperatives and to overcome the problems the necessary recommendations have been put forth.

## **10. Result and discussion**

The cooperative movement in Nepal commenced in 1956, these cooperatives should concentrate their activities focusing members' needs and aspirations through mobilizing local resources, local skills and effective marketing channel to have a fair price for their member farmers. The

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cooperative movement was visualized as an effective mechanism to bring about the desired socio-economic transformation of the rural areas towards balanced economic growth and distribution of the wealth. It involves the weaker sections of our society which includes the small and marginal farmers, landless laborers, artisans, consumers and such other people in almost all kinds of economic activities which bring them to the mainstream of the national economy.

The study was carried out in Chitwan and Makawanpur district by selecting four cooperatives namely Guptoshori agriculture cooperative, Manahari agriculture cooperative, Janajagriti fresh vegetable and fruit cooperative and Kerung vegetable and fruit producer agriculture cooperatives. Twenty five members of each cooperative from each VDC and 48 committee members were selected for the study.

Most of the members (57%) and committee members (64.58%) are male and have the member of family between 2 to 4. A simple majority of the members (42%) are literate, 35.42% committee members possess secondary level education and 20.83% committee members possess collage level education with agriculture as a main occupation (72% and 84.62% respectively. Likewise, 28% members have the average annual income of NRs. 41-60,000, 52% committee members have the average annual income of NRs 41-60,000.

The total number of members in the cooperatives is increasing every year in all the Cooperatives . In the fiscal year 2010/011, there were 2,199 members in the selected cooperatives that increased every year and reached to a total of 2,828 in the fiscal year 2012/013. Of which, the number of female members was 1,748 and the number of male members was 1,080 in the year 2012/013 in comparison to 811 and 1,388 male and female members respectively in the base year 2010/011.

Research found that NRs.26.32 million deposits was collected by the Manahari cooperatives of the Makawanpur, whereas Nrs.1.39 million collected by Kerunga cooperatives and the NRs.0.63

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million deposits was collected by the Guptashori cooperatives in the fiscal year 2012/013.

Cooperatives are not only mobilizing the deposits, but are also supporting the members by providing loans for different purposes. Cooperatives studied so far indicates that the maximum amount (55.91 million) of loans was disbursed by the Manahari cooperatives whereas guptashori (0.292 million) and Kerunga cooperative (0.2455 million) were disbursed of loans in the fiscal year 2012/013. The Janajagriti cooperatives in the Chitwan district selected for the study had made no saving and credit business.

During the course an attempt had been made to find out the purchase of agricultural inputs/agri-produces like improved and healthy seed, chemical fertilizer, irrigation facilities, training and market of the product etc. by the selected cooperatives. Research find out that that out of total purchase of agricultural inputs/produces, NRs 9,25,000 was purchased by the Guptashori in the Janagarathi NRs, 2,40,810.82 in the Kerunga NRs 20,52,630 but Manahari was not purchase any input in the fiscal year 2010/2011. The amount rapidly increased in the Guptashori, Janagarathi, and Kerunga by 1,782,437, 20,43,374, 35,15,465 respectively, whereas the Manahari also increased by almost NRs 18,40,632 in the fiscal year 2012/013.

The sales of the agricultural inputs/produces by the selected cooperatives indicates that amount of Rs10,75,000 was sales by the Guptashori in the Janagarathi, NRs 2,54,941 and NRs 22,64,380 in the Kerunga in the fiscal year 2010/2011. But Manahari was not involved in this year. The amount rapidly increased in the Guptashori, Janagarathi, Manahari and Kerunga by NRs 1782437 ,NRs 18,40,632, Rs 20,43,374 and NRs 35,15,465 respectively in the fiscal year 2012/013.

Farmers can market their farm product through cooperative even if they are not members and members can choose to market part or all of their produce privately. The cooperatives had purchased a total of 165.83 million rupees worth of consumer goods in the fiscal year 2010/2011, of which 84.75

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million was in the Janagarathi, 81.08 million in the Kerunga but Guptashori and Manahari had not purchased any good in this fiscal years.

Whereas the amount of consumer goods purchased by the cooperatives increased highly in the Gguptashori NRs 0.69 million in the Kurunga NRs126.91 the amount decreased highly in the Janagarathi by NRs 33.34 million in the fiscal year 2012/2013. Out of total sales of the consumer goods in the fiscal year 2010/2011, NRs 84.96 million was sold by the Janagarathi, in the Kerunga NRs 81.23 million. Guptashori and Manahari were not sold consumer goods in fiscal year 2010/2011. The sales amount was highly increased and reached by NRs 143.75 million in the KAC. However, the sales amount was remarkably decreased by NRs 33.58 million in Janagarathi and NRs 0.77 million sales by Guptashori in the fiscal year 2012/013.

The research indicates that there is no remarkable switch on in the occupation/profession of the members before and after joining the cooperatives. Prior to joining the cooperative as members, 65 per cent of the members and 62.5 per cent committee members were engaged in agricultural activities. The percentage increased to only to 72 per cent and 77.08 per cent respectively. Similarly, involvement of members and committee members in other sectors are decreasing from 35 per cent to 28 per cent and 37.5 per cent to 22.92 per cent respectively.

Research reveals that there is significant impact on the average annual income of the members and committee members. Before joining the cooperatives, 38% of the members had the average annual income of less than NRs 20,000, whereas the percentage drastically decreased to 0%. Similarly, before joining the cooperative 45% of members earning an annual income between NRs. 20,000-40,000, whereas the percentage decreased 20%.and the member earning NRs. 41,000-60,000 increased by 28%.It means that there is a significant change in the annual income of the members and committee members of the

cooperatives. In the rural financial market, informal agencies, including individual and groups have played a dominant role as traditional moneylenders. To find out the credit borrowed by the members and committee members from different sources, the borrower's opinion was collected.

It is quite noteworthy that the members and committee members are showing interest to have the credit borrowed from the cooperatives. Before joining the cooperatives, 16% members and 10.42% committee members had borrowed loan from the cooperatives, whereas the percentage increased to 54% and 79.17% respectively by members and committee members. The dependency of credit borrowed from the banks/financial institutions and moneylenders is decreasing.

Cooperative is a market place too, where the members can sell goods produced by them. Especially for the agricultural cooperatives, it is their major function and objective to link the products of the farmer members to the market by the cooperative themselves or mediating with the traders. The percentage of members and committee members selling the goods produced by them to market and local traders heavily decreased after joining the cooperatives. Prior to joining the cooperatives, 72% members sold the goods produces by them to the local traders and 1% members sold in the market. Similarly, 10.42% committee members sold their goods produced in the market and 62.50% committee members sold to the local traders. The percentage of members and committee members selling the goods in the market and local traders decreased after joining the cooperative.

## **11. Conclusion**

It is positive thing for the achievement that has happened in the development of cooperative sector, and which brought change in the economic, social and political sector of citizens between 'first five year plan 1956' and 'present approach paper of the three year plan 2010-2013.' But there was found ambiguous in policy makers and planners who placed cooperative under the sub-title of different

original heading during these different periods. However, due to the adoption to cooperative as an important sector among other major three parts by interim constitution-2006 of nation, cooperative was highly prioritized in the distinct topic since three year interim plan. And so, all these aspects should be taken positively.

Because of providing autonomy and freedom in different institutions by Cooperative Act-1992 and Rules- 1993, numeral incrementing cooperative was extremely seen. But there were not as much expected achievements in cooperative institutions due to the lack of skilled manpower, monitoring and evaluation. Despite the achievement of suggestions from more than dozen of studying task force or commissions, all rounding development in country with effective implementation of those suggestions was of no avail. Still there are failure in cooperative owing to lack of education and effective observation system in citizen, though there was brought different programmers like cooperative farming, subsidized shop etc. Because of a large potentiality of hope in cooperative sector as an important pillar, there should be prepared a distinct framework of implementation in this field .In case of moving forward adopting various suggestions from the past, cooperative will be successful to orient economy of nation into the important arena.

## **12. Recommendation**

Principally cooperatives are always responsible to the members; without active members the institution cannot run smoothly. To increase the living standard of members it is necessary to improve economic status. Hence, to meet this purpose client and institute both needs their own business plan. Some business scheme like vegetable collection and selling programs, milk collection and chilling center, agro veterinaries and other suitable programs should be prioritized.

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Only the saving credit program is not sufficient for economic viability and institutional sustainability. For this purpose multipurpose agriculture cooperative is suitable for NEPAL.

The institute should organized some kinds trainings, such as cooperative education, entrepreneurship development, business plan preparation, crop diversification, sustainable agriculture program, agro forestry programs and processing method of agriculture production to the members.

(注) 要約の文量は、学位論文の文量の約10分の1として下さい。図表や写真を含めても構いません。  
(Note) The Summary should be about 10% of the entire dissertation and may include illustrations