



EVOLUTION OF COOPERATIVES THROUGH DEVELOPMENT PLANS AND RESOURCE MOBILIZATION IN NEPAL

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ABSTRACT

Government of Nepal has recognized the cooperative sectors as one of the three pillars of the economy, cognizant of their power and evolving prospects to contribute to poverty alleviation, service delivery, gender equality, financial strength and good governance. Across the world today, cooperatives are increasing enormously which seen as key players at the grassroots level, effectively organizing farmers and small businesses, providing much needed financial support and empowering the poor people by creating jobs as well income generating activities. This paper tries to evaluate the cooperative development of Nepal through the development plans and resource mobilization of cooperatives in Nepal. The policy and provisions of cooperatives in development plans has been evaluated through the analytical techniques and mobilization of resources has been examined by using the simple statistical tools. The basic objective of the study is to evaluate cooperative policy and provisions in development plans periods and examine the resources mobilization of cooperatives. There has been significant progress in cooperative development in Nepal. The cooperative sector should play the effective role one of the important pillars of Nepalese economy.

KEYWORDS: Contribution, Cooperatives, Mobilization, Financial Resources, Employmen



INTRODUCTION

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise. It is member based and democratically managed institution bounded by their own by laws and systems of audit etc., ensuring transparently and accountability (Zeuli & Cropp, 2004). DFID (2015) has pointed that cooperatives are private sector enterprises set up to meet their members' needs. They are owned and democratically controlled by their member-a governance model distinguishing them from private firms, but in practice many have been controlled by government. In principle they are based on values of self-help, self-responsibility, democracy, equality, equity and solidarity. They cover a wide range of economic activities such agriculture, financial services, manufacturing, transport, utilities, health care and funerals etc. Cooperatives can play diversifying roles in rural community development as an independent and authorized economic business model consisting of community members at the local, regional, national and international level (Moon & Lee, 2020).

Cooperatives are value based and principle driven organizations, naturally have participatory and sustainable properties (Wanyama, 2014). The United Nations has formally recognized the important role that cooperatives play in inclusive local community development by promoting people to participate in economic and social activities (UN, July 2020). ILO (September 2014) a specified agency of the United Nations. Aims to promote rights at work encourage decent employment opportunities, enhance social protection and strengthen dialogue on work related issues. The ILO views cooperatives as important in improving the living and working conditions of women and man globally as well as making essential infrastructure and services available even in areas neglected by the state and investor-driven enterprises.



After the establishment of Cooperative Division under the Ministry of Agriculture in 1953, then the cooperative movement of Nepal has been started in the institutional process. Cooperative programs at field level were launched in 1957 by establishing 13 cooperatives in Chitwan under the Rapti Valley Development Program, with the aim of reducing poverty and uplifting the livelihood of the vastly poor rural people who were facing various problems such as lack of professional manpower, lack of transportation and communication facilities, economic destitution, vulnerability, social exploitation, drudgery and lack of employment opportunities (Bisht & Sharma, 2011).

The principles of cooperation were ideal to demonstrate in public and provide necessary services such as agro-inputs, distribution of ration items like sugar, food grains, kerosene oil and salt in the Panchayat regime (Sharma, 2004). The government has initiated and controlled using cooperative enterprises in different ways since establishment of the first saving and credit cooperative in 1956 until the Cooperative Act 2017 which provided freedom to establish and manage cooperatives independently. Then their role has also been increased significantly over the last decade.

There were considerable ups and downs, not only in members of cooperative enterprises but also in its scale, volume and business activities over the period. Though, the cooperative movement did not pick-up momentum until the 1980s, when a large number of community-based saving and credit cooperatives came up across Nepal. The liberalization and open market economy after 1990s helped the emergence of cooperatives in the country.

The first cooperatives Bakhanpur Saving and Credit Cooperatives were established along with 13 Saving and Credit Cooperative Society (SACCOS) registered in the fiscal year 1956/57 under the executive orders of 1956. SACCOS is an effective means for small scale lending through internally generated funds and a tool of promoting self-help development practices among its members. It enables the people to support each other and to be self-reliant in the development which has made rural life easier. SACCOSs provide services which are



categorized mainly into three groups: (i) Saving and Credit Services, (ii) Education and Training, and (iii) Community Development Services (Shrestha, 2010).

Beginning in the 1980s a new generation of community-based savings and credit grouped in Nepal. The Cooperative Act was amended for the third time to give the government more control. As the cooperative movement spread to every nook and cranny of the country, the need for forming an apex coordinating body was felt then the Nepal Federation of Saving and Credit Cooperative Unions (NEFSCUN) was formed in 1988. (Maharjan, 2020). UN General Assembly (2018) has recognized that cooperatives in their various forms, promote the fullest possible participation in the economic and social development of local communities and all people, including women, youth, older persons, persons with disabilities and indigenous people, are becoming a significant factor of economic and social development and contribute to the eradication of poverty and hunger.

The objectives of cooperatives were to solve those problems by collecting financial resources available among the people themselves in the form of savings thereby investing that fund in the income generating activities to uplift the socio-economic condition of rural populace. Cooperatives were accorded high priority in each of the government's plans with this program identified as a tool to improve rural economy. However, the objectives of the cooperatives were not concretely stated until 1992. The Cooperative Act 1992 has been assumed to a major breakthrough in the cooperative movement of Nepal. This made several provisions related with flexibility to implement programs for improvement of economic condition of poorest of the poor populace in the rural areas.

The constitutional assembly successfully has declared the new Constitution of Nepal in 2015, which has recognized the co-operative sector as one of the three pillars of the National Economy. In 20018 and 2019 new cooperative act and regulation were enacted. The new constitution has decentralized and delegated the authority to the Local and Provincial governments to promulgate the laws and act that they need. Now provincial government and local level government bodies can promulgate and implement the



cooperative law. The parliament has adopted the Cooperative Act-2017 after the proclamation of Constitution of Nepal 2015.

The Constitution of Nepal 2015 has recognized the cooperative as an important foundation of national economy. The Article (3) of the constitution specify the economic objective of the state shall be to achieve sustainable economic development by achieving rapid economic growth, by way of optimum mobilization of the available means and resources through the participation and development of public, private and cooperatives and to develop a socialism-oriented independent and prosperous economy while making the national economy independent, self-reliant and progressive in order to build an exploitation free society by abolishing economic inequality through equitable distribution of the gains. The new Cooperative Act 2017, with cooperatives as one of the three pillars of national economy as per the vision set by the Constitution of Nepal (www.coops4dev.coop, retrieved 2nd December, 2020).

Thus, cooperatives are very important institutions for economic, social, cultural and human advancement in developing countries like Nepal. Cooperatives are people's organizations which formed by the members voluntarily, owned by them by purchasing shares and on payment of prescribed admission fees, they run by them democratically in accordance with the principles of cooperation, satisfy their social and economic needs through active participation and mutual help. The cooperative institutions have not only met the economic needs of their members but also play a significant part in the social development of their members and human community in general.

RESEARCH PROBLEMS

The cooperative movement of Nepal has the critical issues of cooperative development. The competitiveness of cooperatives can enhance through capacity building, vertical integration with private companies, marketing networks and corporate businesses, product diversification and collaboration with other business. The cooperatives have their own



limitations, obstacles and challenges, which could relate to biophysical, socio-economic, institutional, communication and management issues. Cooperatives may lose their regional, national and international competitiveness if their production environment, support system, demand conditions and availability of infrastructure and access to new technology has not assured. Cooperatives should have a great deal of professionalism in their operation, record keeping, communication, product quality and competitive prices. Many cooperatives are unable to access and utilize science and technologies that the government of Nepal has already developed and available for public use.

Though the cooperative sector has not properly established as a pillar in the national economy. There is lack of knowledge and research, lack of strong implementing agencies like ministry of cooperative, lack of awareness about cooperative to the members, lack of monitoring of primary cooperatives are the problem of cooperative sectors. Similarly lack of identification of the formal and informal cooperative movement in the rural and urban society. Most of established cooperatives could not provide benefits to all members besides few board members. Due to the high interest rates and service charges, share members have been facing the challenges of insecurity.

RESEARCH OBJECTIVES

The present study has focused on the issues of cooperative development policy and provisions for cooperative movement in Nepal. The main objective of this study is to analyze the Cooperative movement through the difference sectors.

- i. To depict development of cooperatives in different plan periods of Nepal, and
- ii. To analyze the status of resource mobilization by cooperatives in Nepal.



DATA AND METHOD

This study is based on secondary data and descriptive technique is applied to analysis and reviews the cooperative development of Nepal. All analysis and discussion have been based in published source of secondary data such as Economic Development Plans Documents (1956-2018), Economic Surveys (1999/00-2019/20), Cooperatives related report and publications, Ministry of Cooperative and Poverty Alleviation, Ministry of Finance, Nepal Rastra Bank, CBS and other different associations which are related with Cooperatives societies of Nepal. Some descriptive statistics such as table, pie-chart, bar diagram and line graph are used to explain the data.

ANALYSIS AND DISCUSSION

Evaluation of Cooperatives Movement in Development Plan Periods

This section presents a description of the development of cooperatives in Nepal in different plan periods. It reveals how cooperative sector has been promoted in the planned development campaign and what were its achievements.

First Five-Year Plan (1956-1961)

The development of cooperative field remained as highly motivated which was conducted from direct supervision of cooperative department. Different branches of government development sector prioritized to the cooperative fields. The then government had formulated "Executive Order-1956" as temporary management system until the long-term legal provision was addressed. Modern cooperative was legally initiated as the first cooperative society of Nepal in Chitwan since 4th April 1957 according to the same executive order. To conduct and manage the cooperative institution well during this plan period "Cooperative Society Act- 1959" was implemented after the dissolution of executive order with this plan period of different objectives, 365 cooperative institutions and 4 district level purchasing, selling and credit cooperative union were founded.



Second Three-Year Plan (1962-1965)

Under the title "Agriculture Loan", cooperative sector was maintained as cooperative management in that plan. The objectives were to uplift the social and economic background of farmers by using their minimum capital, less acre of land and labour. Despite the absence of plan in fiscal year 1961/1962, Cooperative Society Rules- 1961 was maintained and agriculture cooperative remained as counterpart for rural development. Likewise, "Sajha Centre" was also established in 1961 to solve the problems of investment in transportation, health, consumer storage and publication etc. of non-agricultural sectors. By the end of the plan period, the number of primary cooperative and district level cooperative union was 1109 and 14 simultaneously. During that period, 44 district numbers were there where programs were conducted. Cooperative department was also established 5 zonal cooperative offices and cooperative training centre for making effective cooperative development. To make well managing for cooperative financial system, cooperative bank was initiated formally since 1963 after the introduction of Cooperative Bank Act- 1962. Government has constructed five storage houses for the farmers' product that enable the security and determine market price of their products (NCF, 2010).

Third Five Year Plan (1965-1970)

The composition of cooperatives, registration, etc was withdrawn from the 1967-68 fiscal year. After the inauguration of Agricultural Development Act-1967, cooperative bank was changed into the agriculture development bank that had aimed for the economic upgrading and facility maintenance of the public people. A program like "Back to village: National Campaign" of Panchayati Government had also emphasized to the cooperative institutes as proper financial management. Total 1468 primary cooperatives and 21 district union were listed up to this period. 0.71 lakh members and 27 lakhs share capital was supposed to have invested. And cooperative programs were expanded to the 56 districts during the period.



The Rapti Valley resettlement program, landless cultivators were given credit through cooperatives. A total of 1109 cooperative societies, cottage industry and consumer cooperatives, two Districts consumer institutions and 14 district-level marketing and credit cooperatives were established during the three years. 350 large multipurpose cooperatives were proposed to be established during the Third Plan. Emphasis was given to paper, metal working, carpets, textiles, ceramics, nickel-plating, soap, curios, carpentry, furniture, and fruit canning activities for the industrial units. A total of 30 cooperative federations were planning to be established at the district level to provide management assistance and to coordinate the activities of the primary institutions. A national Federation was designed to be organized with the district units as members.

Fourth Five Year Plan (1970-1975)

The cooperative movement has been directed more towards the agricultural cooperatives. The plan emphasized the qualitative aspects of the cooperatives. Guided Principles was adopted to operate the cooperative societies as per the Cooperative Strengthening Plan. Local cooperatives initiated the work of changing compulsory saving amount into the share of saving agent during this period and likewise, legislative responsibility of cooperative societies was handed over to the agriculture development bank within this period, it seemed that 251 cooperatives were into existence of conduction after unification and re-unification of them, and district cooperative unions were the eighteen numbers as they were united too. Cooperatives programs were seen to have been conducted in sixty districts. And it was equal to the condition of share investment and the condition of members as previous plan (Hada, 2009). Department of cooperatives with the government grants was formed. The existing cooperatives lack sufficient funds, members, knowledge, and efficiency of management. Out of the 1,300 existing cooperative societies, about two third of the 1,100 concerned with agriculture were ineffective and were in the process of liquidation. Of the rest, some need promotional measures, whereas, others need to be amalgamated. Therefore, it was envisaged in the Fourth Plan to resources-organize the existing societies, and to concentrate on quality rather than quantity (NPC, 1970).



Fifth Five Year Plan (1975-1980)

Cooperative sectors were placed as the "Sahakarita Ra Sajha" from the head title "Agriculture Loan, Production, Equipment and Management" in that plan. Under the institutional management, Sajha Programs were taken into action for the rural development since 1976. After the formation of sub-committees of ward level by establishing cooperative institution in every village, different works were initiated and public development committees were formed in the central level through village to district. Cooperative administrators restored the responsibilities of cooperative management which were once delivered to the agriculture development bank. The cooperative programs were implemented along with the Sajha Programs in 67 districts. A total 678 primary cooperatives and 33 district unions were running in that time period. There were gross 11.94 lakh share members and 1361 lakh share capital within the period. Though the expected progress has not been possible while scrutinizing capacity of the cooperative organizations in playing important role in the rural areas and in improving the rural economics for agriculture development (NPC,1980).

Sixth Five Year Plan (1980-1985)

Sajha programs were implemented since the initial phase in this plan. When "Sajha Institution Act-1984" came into existence, all the departments and offices of cooperative field were changed in the Sajha institution. During that period there were altogether 348 storages in the total 53 districts. As a result, there were 686 and 33 numbers of primary cooperatives and districts union respectively. To this phase, 14.35 lakh in share members and 1479 lakh in share capital were increased, and program conduction was expanded in the 70 districts (NCF, 2010).

Seventh Five Year Plan (1985-1990)

With the aim of developing rural economy; promoting the growth of Sajha in rural level and establishing the central department oriented to the interest of institution etc. was as main



mottos in this plan. There was many more like economic assistance to small and marginal farmers, availability of basic facilities for agricultural growth, strengthening in production and productivity of small farmers and entrepreneurs and developing the institutional medium in the rural level. By the end of seventh plan, there were 830 primary cooperative institutions and 33 district level union during this period. The programs were run in the 72 districts and the numbers of shareholders was 14.35 lakh as well as 1479 lakh in share capital. "Sajha Institution Rules-1986" was also adopted to strengthen to the Sajha programs. Since 1987 Sajha Development Department was placed under the control of ministry for agriculture which was withdrawn from ministry for land reform. The compulsory saving amount was proclaimed to be returned to the saving members in this duration (NCF, 2010).

Eighth Five Year Plan (1992-1997)

There were some significant achievements which explained including some progressive steps in that plan period. The word "Sajha" was transformed into the "cooperative" in all cooperative organizations such as National Cooperative Federation, Central Saving and Credit Cooperative Union, Central Consumer Cooperative Organization and Central Milk Product Cooperative Organization were formed as central institution. All types of cooperative institutions came into implementation which were in number as 3,711 primaries cooperative, 77 district level union, 3 central unions and one National Cooperative Federation. There were cooperatives in 73 districts, and 10.51 lakh share holder and 3,247 lakh share capital were there. Within that period, National Cooperative Federation got the membership from the International Cooperative Alliance. These co-operatives and unions transacted Rs 1870 million within this period and took loans of Rs 577.4 million investing Rs 454.2 million. The recovery was Rs 491.2 million within that period (NPC,1997).



Ninth Five Year Plan (1997-2002)

Cooperative was placed as "Cooperative Development" under the sub-heading of agricultural sector in that period. To contribute in social and economic development, make benefit to the farmers and consumers in right benefit to be medium for selling crops, making involvement to the small producers and to make capacity development of cooperative societies as well as exploring new possibilities etc. were prime focus points in the plan. There were 7064 primary cooperatives, 4 central organizations including National Federation and 121 district unions within this period. Similarly, the cooperative programs were conducted in 74 districts, but there were not new additional number of share members and share capital data. Nepal Rastra Bank had provided limited banking transaction permission to the 34 saving and credit cooperative institutions during this period. Different commissions, studying groups or committees were composed to develop and promote the cooperative constructing the necessary policies (NCF, 2010).

The National Cooperative Federation has been importing and distributing the chemical fertilizers. Different cooperatives have transactions of about Rs 171.4 million worth of agricultural inputs in a year. As per the policy of constituting voluntary and autonomous cooperative societies and associations in the local, district, central and national level. There have been one national cooperative federation, 3 specific single purpose central cooperative associations, 121 district associations and 7064 primary cooperatives by the end of the fiscal year 2001/02 (NPC, 2002).

Tenth Five Year Plan (2002-2007)

Cooperative programs and campaign were expanded to the whole 75 districts during the period. There were altogether 9720 primary cooperative of various objectives, 132 district unions and 6 central organizations including national cooperative federation. And 10,456 lakhs share capital was mobilized in this period where there were total 13 lakh share members (DOC, 2008). The number of cooperative offices was made limited to the number



of 38 from 68 districts to make offices smooth, promoted and economy by the then government in 2004. Since 2003, National Cooperative Bank was begun to conduct after the registration in cooperative department.

By the end of tenth plan, there were 9,720 primary co-operatives, 5 central federations, one national co-operative bank and 133 district and sectoral federations. Altogether 1.251 million members were associated with those cooperatives and their associations, including 33 percent women members. Annual transaction of the co-operative sector amounts to approximately was nearly Rs. 50 billion. The share capital of co-operative societies amounts to Rs. 1,040 million whereas balance of savings and investments amounts to Rs. 20 billion and Rs. 24 billion respectively. According to an estimate, the transaction of these cooperatives has a contribution of approximately 1 percent in the GDP and 15 thousand people were directly employed in this sector (NPC, 2007).

Three Year Interim Plan (2007-2010)

By the end of 11th plan, there were more than 20,000 primary cooperatives, 10 thematic central unions, 1 national cooperative bank, 1 national cooperative union, 66 district cooperative unions and 127 thematic district cooperative unions operating in the country. Those organizations had more than 2.2 million members. The cooperative sector had been conducting financial transactions of around Rs. 100 million annually. The total share capital of cooperatives is Rs. 10 billion, accumulated savings deposit was Rs. 58 billion and investment Rs. 62 billion. The cooperative sector was estimated to contribute 2 percent to the country's gross domestic product. More than 50,000 people had got direct employment in cooperatives. During that plan period, 150 cooperative trainers had been prepared and 48,000 cooperative workers received various trainings including cooperative orientation (NPC, 2010).



Twelfth Three Year Plan (2010-2013)

By the end of 12th plan, there were nearly 26,500 primary-level cooperatives, 66 district cooperative associations, 157 thematic district cooperative associations, 17 thematic central associations, one cooperative bank with 29 branches and the central-level National Cooperative Association have been established to serve more than 4 million members, 42 percent of whom were women. There were 2600 women-only cooperatives. It was estimated that the contribution of cooperatives to the GDP had reached 3 percent and that sector provides direct and indirect employment opportunities to more than 50,000 and 700,000 people respectively. Cooperatives were concentrated in urban areas but have propagated to all districts. The Department of Cooperatives had initiated criteria-based monitoring and regulations for cooperative associations and institutions. Efforts to develop this sector were multidimensional and dynamic as provided for in the National Cooperatives Policy-2012 (NPC, 2013).

Thirteenth Three Year Plan (2013-2016)

By the end of the plan, there were 32,663 primary cooperatives of various natures and 69 district cooperative associations, 252 thematic cooperative associations, 20 thematic central associations, one national cooperative bank and Rastriya Sahakari Sangha Limited as the apex body. The cooperative had more than 5.2 million members. The participation of women members in the cooperative sector was about 46 percent and the access of women to the leadership has reached 34 percent. The number of women-only cooperatives had reached 4,011. It was estimated that the sector has provided direct employment to about 61,000 citizens and indirect employment to more than one million people. At the end of 2015/16, the share capital of cooperatives increased to Rs. 65 billion, savings of Rs. 210 billion and investment of Rs. 185 billion. Expanding its network to all the districts, this region has succeeded in covering the deprived classes, remote areas, Adivasi Janajati, Madhesi, Dalit, persons with disabilities, minorities, all classes, regions and communities (NPC, 2016).



Fourteenth Three Year Plan (2016-2019)

Till the date of 15th plan (2018), the state has adopted a policy of strengthening the country's economy through the participation and independent development of public and private sectors as well as the cooperative sector. There were 34,512 primary cooperatives of various natures, 77 district cooperative unions, 328 thematic district cooperative unions, 20 thematic central cooperative unions, national cooperative banks and national cooperative federations. Nepal has joined the International Federation of Cooperatives.

The primary cooperative has about 6.3 million members. The total share capital of the cooperatives was Rs. 73 billion and the mobilized savings was Rs. 3.2 trillion. Rs. 273 billion loan had been mobilized from cooperatives. Cooperatives have about 52 percent women members and women have 40 percent participation in the cooperatives. The cooperative sector has provided direct employment to 61,000 people and created millions of indirect jobs. Increasing financial access, women empowerment, leadership development and capacity building, social integration, entrepreneurship promotion and poverty alleviation have made significant contributions in this sector. It has become necessary to encourage the healthy development of the cooperative movement by consolidating the achievements in this field (NPC, 2018).

Fifteenth Five Year Plan (2018/19-2023/24)

The cooperative sector has been expected to play a supportive role in the overall development process by following the values and principles and developing a culture of reciprocity and self-reliance. The role of this sector has been assumed to be assisting and cooperate in the socio-economic development of the country to achieve developmental thinking, policy and planning goals and objectives. This sector would help in increasing employment and income and alleviate poverty by mobilizing local resources, labor, skills and capital extensively while maintaining good governance in cooperatives.



The expected outcomes of the plan, cooperative subjects would be included in school level education. Educational program on cooperative subject would be conducted at the university level. Implementation of monitoring system individually and jointly at the local level, state and union could further contribute to good governance. Management information system related to cooperatives and poverty alleviation will be effectively implemented. Cooperative sector will be determined in the GDP.

A long-term strategic plan related to cooperatives will be formulated. Cooperative Training and Research Center will be restructured. The membership of women in cooperatives will be 53 percent. Women's participation in the board will reach 43.5 percent. The share capital operated through cooperatives will reach Rs. 86 billion and savings will reach Rs. 384 billion. A loan of Rs. 393 billion will be mobilized through cooperatives. An additional 17,000 direct jobs will be created annually in this sector (NPC,2018).

Status of Cooperatives in Different Plan Periods

There has been significant progress in the number of cooperatives development in Nepal. During the First five-year plan, there were all together 365 primary cooperatives, 4 district cooperative and district level thematic cooperative unions and the coverage of districts were 19. There has been gradual progress of cooperative development in Nepal upto the seventh five-year plan (1985-1990). After the seventh plan, there has been significant progress in the cooperative's development in Nepal. Till the date of fifteenth five-year plan (2018/19-2023/24) starting, there are 34,763 Primary Cooperatives, 305 District Cooperatives and District Level Thematic Unions, 20 Central Level Unions, 1 National Cooperative Federation, 1 National Cooperative Bank and 77 districts coverage (2018/19).



Table-1: Progress of Cooperatives Status from 1st Plan to 15th Plan (Rs. in ten million)

Plan Periods/ Institution	Total Cooperatives	Cooperative Members	Share Capital
First Plan (1956-1961)	365	11,000	0.04
Second Plan (1962-1965)	1109	30,000	0.17
Third Plan (1965-1970)	1468	71,000	0.27
Fourth Plan (1970-1975)	251	71,000	0.27
Fifth Plan (1975-1980)	678	11,99,000	13.61
Sixth Plan (1980-1985)	686	14,35,000	14.79
Seventh Plan (1985-1990)	830	14,49,000	14.90
Eighth Plan (1992-1997)	3711	10,51,000	32.47
Ninth Plan (1997-2002)	7064	-	-
Tenth Plan (2002-2007)	9720	13,00,000	104.56
Eleventh Plan (2007-2010)	20,102	21,00,000	936.05
Twelfth Plan (2010-2013)	20,000	22,00,000	1000.0
Thirteenth Plan (2013-2016)	26,500	40,00,000	4500.0
Fourteenth Plan (2016-2019)	32,663	52,00,000	6500.0
Fifteenth Plan (2019-2024)	34,763	66,00,000	7700.0

Source: NPC, Plan Documents First Plan (1956-1961) to Fifteenth Plan (2018/19-2023/24).

Table-1 depicts the total numbers of cooperatives, total share members and share capital from 1st plan to 15th plan periods. The trends of total cooperatives, share members and share capital have been increasing during the plan periods.

Table-2: Investment from Public, Private and Cooperative Sector (Fixed Price of 2018/19)

(Rs. in Ten Million)

S.N.	Sector	Cooperative		Private		Public		Total	
		Rs.	%	Rs.	%	Rs.	%	Rs.	%
1.	Agriculture	10402	12.8	28701	35.4	41864	51.7	80968	100
2.	Non-Agriculture	39285	4.7	484707	57.6	317968	37.8	841961	100
2.1	Industry	10858	3.3	175476	54.1	138147	42.6	324481	100
2.2	Service	28427	5.5	309231	59.8	179822	34.7	517480	100
Total Investment		49687	5.4	513409	55.6	359832	39	922929	100

Source: NPC, Approach to 15th Plan, 2019.



Table-2 depicts the investment from public sector, private sector and cooperative sector in the economy. The investment from cooperative sector was estimated 5.4 percent whereas private sector and public sector hold 55.6 percent and 39 percent respectively. In comparing the investment on agriculture and non-agriculture sector from cooperative sector, agriculture sector represents 12.8 percent and non-agriculture holds just 4.7 percent.

Figure-1: Investment from Private, Public and Cooperative Sector

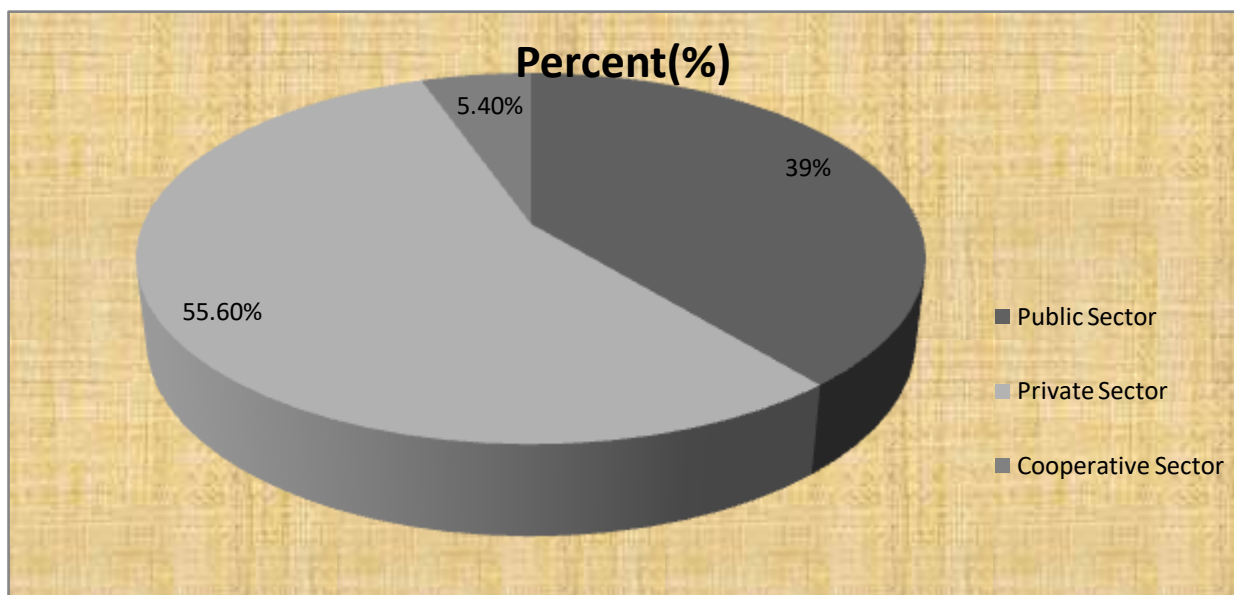


Figure-1 depicts the investment from private sector, public sector and cooperative sector of national economy.

Present Status of Cooperatives in Resources Mobilization

Cooperatives of Nepal have also been the mechanisms of collecting funds. The status of fund mobilization by cooperatives in totality is shown in Table-3.



Table-3: Sources and Uses of Funds by NRB-Approved Cooperatives 1999/20-2014/15

(Rs. in ten million)

Year	Capital Funds	Deposits	Borrowing	Other Liabilities	Profit/Loss A/C	Assets = Liabilities
1999/20	16.10	107.30	6.20	16.40	0.00	146.00
2000/01	21.20	142.50	6.70	33.00	0.00	203.4
2001/02	25.20	157.10	5.90	41.30	0.00	229.5
2002/03	26.50	192.40	6.60	39.50	0.00	265.00
2003/04	20.50	166.70	4.10	42.80	0.00	234.10
2004/05	27.80	172.40	4.60	36.70	-0.50	241.00
2005/06	32.48	201.16	7.07	40.73	6.28	287.72
2006/07	35.50	254.50	14.00	48.10	7.00	359.10
2007/08	40.08	301.82	20.67	68.02	5.46	436.05
2008/09	44.70	351.30	25.80	66.70	8.04	496.54
2009/10	58.00	372.70	22.70	87.90	11.60	552.90
2010/11	64.70	546.7	31.20	144.5	20.50	807.6
2011/12	80.90	872.80	48.40	125.00	38.10	1165.20
2012/13	117.70	1140.30	93.80	145.80	44.00	1541.50
2013/14	140.15	1587.35	135.56	203.09	36.85	2103.00
2014/15	165.96	1859.59	145.16	233.96	49.73	2454.40

Source: Economic Surveys (2010/11 & 2014/15).

Table-3 represents the sources and uses of Nepal Rastra Bank approved cooperatives from 1999/00 to 2014/15. Table shows capital funds, deposits, borrowing, other liabilities, profit/loss account and assets/liabilities of cooperatives which are in increasing trends over the period under consideration.



Table-4: Present Status of Cooperatives of Nepal from 2011-2019. (Rs. in ten million)

Year	Total Cooperatives	Total Members	Share Capital	Saving Operations	Debt Investment	Direct Employment
2011/12	23301	3141581	2023	11730	11684	38892
2012/13	27914	4104025	2882	14706	13708	52000
2013/14	31177	4555286	6118	17242	15463	54000
2014/15	32663	5100370	6305	20242	18807	57854
2015/16	33599	6030857	7135	29572	28982	56475
2016/17	34512	6305581	7317	30216	27371	60517
2017/18	34512	6451333	7609	31122	27371	61122
2018/19	34737	6512340	7634	34558	33271	63500
2019/20*	34837	6515460	7724	35058	34171	68400

Source: Economic Survey 2019/20 & Department of Cooperative 2011/12.

Table-4 depicts the status of cooperatives of Nepal from 2011/12 to 2019/20. There have been shown different parameters such as total cooperatives, total share members, share capital, saving operations, debt investment and direct employment which all are increasing trends in the study periods. There are direct and proportional relations among the existing parameters.

Figure-2: Trends of Total Cooperatives and Direct Employment from 2011/12-2019/20.

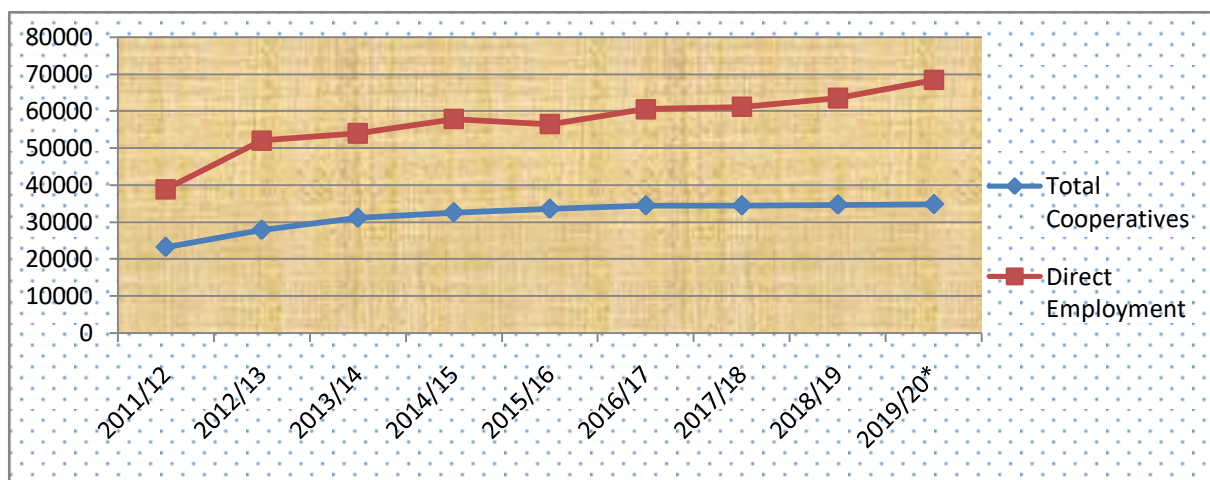




Figure-2 depicts the increasing trends of total cooperatives and employment status from 2011/12 to 2019/20. There is significant of total cooperatives to the employment generation during the given period.

Figure-3: Share Capital of Cooperatives from 2011/12-2019/20.

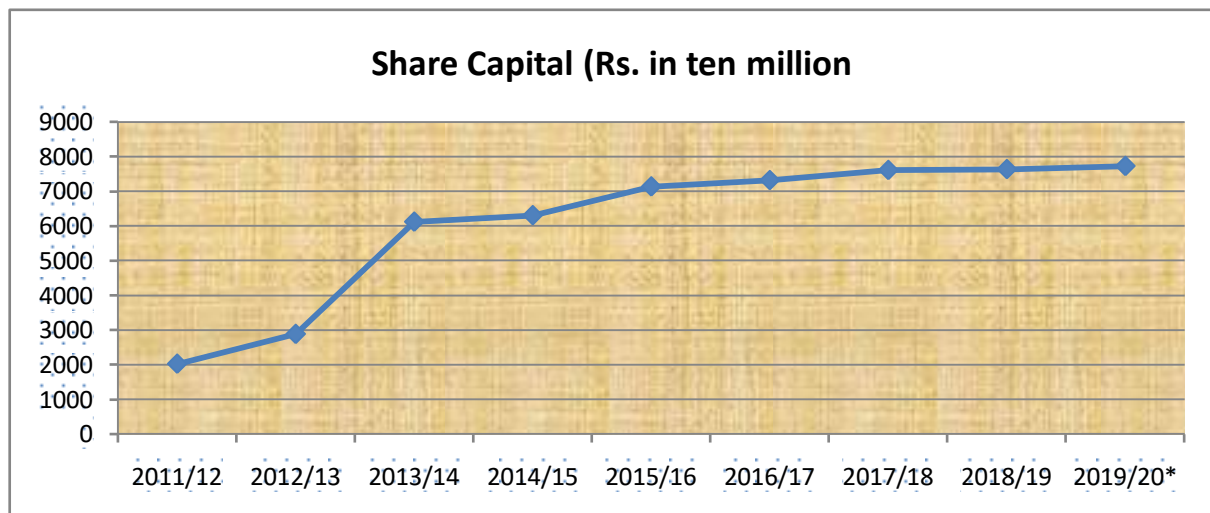


Figure-3 shows the increasing trends of share capital during the time intervals.

Figure-4: Trends of Saving Operations & Debt Investment

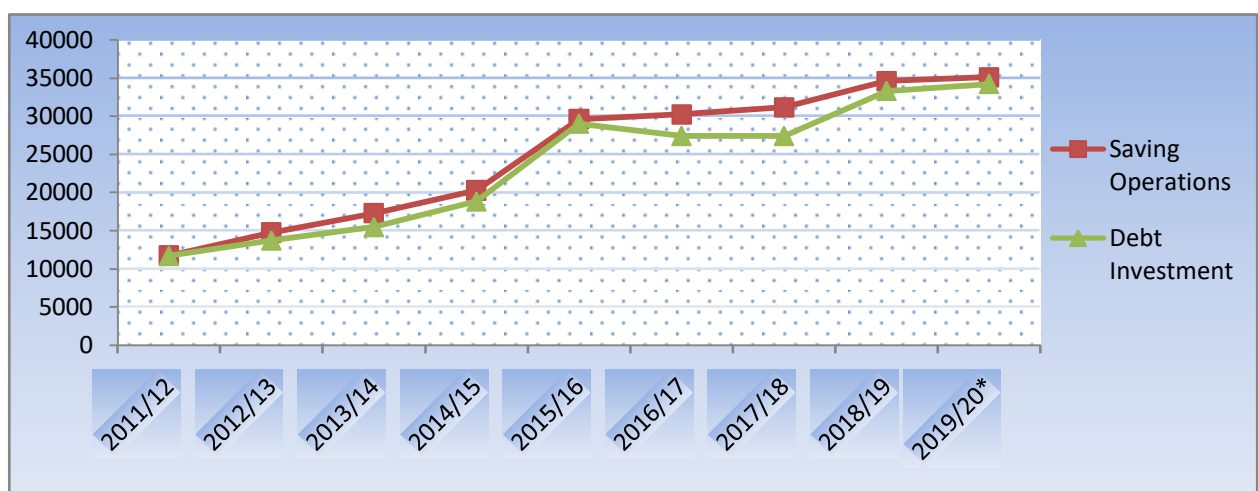




Figure-4 represents the increasing trends of saving operations and debt investment in the study period. There is slight gap between two variables.

CONCLUSIONS

The cooperative movement has got vibration after 1990s. A comprehensive Cooperative Act 1992 had been promulgated in 1992 which clearly stated that the government would no longer directly promote cooperative, indicating they should have to flourish on their own. The Constitution of Nepal 2015 has recognized cooperatives as one of the three pillars of the national economy. The constitution has envisioned national prosperity through the participation of public, private and cooperative sectors. The Cooperative Act 2017 has ensured to help cooperatives keep abreast of the changing times. Cooperatives are like other financial players which help to boost entrepreneurial development by promoting micro, medium and large-scale enterprises in the country as well creating job opportunities. There has been significant contribution of cooperatives to the gross domestic product (GDP) which seems to be around 4 percent whereas their contribution to the financial sector stands nearly 20 percent. There are around 35 thousand cooperatives with 6.5 million members, out of which women constitute nearly 50 percent.

Cooperatives need to make community-based and member-centered through qualitative development rather than numerical expansion of cooperatives, promote cooperative-friendly policies, expand cooperatives to rural deprived communities, establish cooperatives as the basis of prosperity of the country as specified in the constitution, strengthen self-regulation in cooperatives and maintain good governance. Cooperative sector demands establish effective coordination between federations and agencies involved in promotion and regulation, focus on poverty alleviation by increasing the access of cooperatives to women and marginalized groups strengthen policy and institutional arrangements for savings and credit mobilization from the sector, end credit crunch in the cooperative sector. The major issues in cooperative sector is to develop as a means of guaranteeing economic security, mobilize the capital mobilized through cooperatives in the productive sector,



increase the contribution of cooperatives in the field of production and generating employment and make the regulation of cooperatives more effective.

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