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Economic Impacts of Farmers Cooperatives in Nepal: A Study of Uthan Farmers' Cooperatives Limited Kalika-8 Chitwan

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Abstract

The study analyzes the economic impacts of Uthan Farmers' Cooperative Limited in terms of financial viability like employment, income and saving. The study explores the impacts in the context of Uthan Farmers' Cooperative Limited (UFCL), Kalika municipality ward no 8 Chitwan. Main objective of the study is to find out the perception of users group of the cooperative on economic impacts like employment, saving and income. Qualitative research design is followed and completed the study. Findings and conclusion of the study is based on primary data collected from the field by interview questions and observation checklist. Members of the cooperative have both positive and negative experiences on the activities of the cooperative running in study area (Kalika municipality ward no 8, Chitwan) playing role to bring impacts on the economic aspects of the members.

Keywords: cooperative, income impacts, income, financial viability, employment

Introduction

Cooperatives are established to collectively run the business by a group of people. The word Cooperative refers to autonomous association of person united voluntarily to meet common economic needs. The word "Co-operative" is derived from the Latin word "Cooperate" which means working together for some common purpose. The two terms "Co" and "Operative" are jointly appears in the word cooperative that "Co" suggests for together and "Operative" stands for working. Badal (2012) notes, "A Cooperative is a voluntary organization of persons with limited means of safe guard of their common needs and interest. "Unity in diversity is the main motto of cooperative societies". Cooperative is nothing more than the democratic unit that established for the economic enhancement of the local people. ICA (2011) has published report about co-operative which claims that in total, "about one billion people are involved in cooperatives in some way, either as members/ customers, as employees/participants, or both". Gullander (1951) has explained about the cooperative in Sweden, Swedish farmer, like American farmers, have had to learn the hard way that successful co-operation entails responsibilities and obligations as well as privileges. It follows the democratic norms of the organizations like rights and choice. Modern concept of cooperative had begun from Europe during 19th century. Before begun modern concept of cooperative traditional pattern of cooperatives were used in Asia as form of cultural group. Those cultural groups performed their economic activities

like the form of Nepali *Guthi*. In his regard, Small Farmer Development Program (1996) notes "Cooperative is not new phenomena for human being it has begun with collective economic effort that had started with early civilization of the world" (2). However, modern concept of cooperative has started since 19th century. Concept of cooperate expended in both west and east, democratic and non-democratic nations. There is no single principle of cooperative; however, collective objectives and economic activities are the minimum requirement of the cooperative. In Nepal also cooperative had established to enhance the economic activities through mobilization of resources. In Nepal, cooperative had established after 1950 with the end of Rana regime. Bakhani Multi-purpose Cooperative Institute is the first cooperative of Nepal that had established in 1957 and registered in 1960 after enactment of cooperative act. The cooperative was established to fulfill the objectives of Rapti Valley project. In this regards, Sapkota (2008) notes, "In Nepal, cooperative has established with the guideline of American project so that cooperative movement of Nepal led with the guidance of American values and practices. So, cooperative movement of Nepal is questionable "(p.1). In Nepal, cooperative movement play role to established democracy and adopts the liberalization in economic sectors. Constitution of Nepal 1990 established cooperative as one pillar of economic development. Thousands of cooperatives had established during 1990 to 2063, however, nation has not achieved success in economic development. After establishment of republic system of government bring news concept on cooperative. Network of cooperative spreads from urban to rural area. The constitution of Nepal 2015 made policy to bring prosperity through mobilization of cooperative, private and government. 15th periodic plan, agenda of sustainable development goal, achieve through budget and other policies and plan of federal, province and local level government.

Economic impacts of Cooperatives

Cooperatives play important role to formulate job in nation. More than 12 lakhs people have got chance to get employment from the cooperatives. Cooperatives statistics 2020 notes that half of the population of the nation is involved in various types of cooperatives. After the establishments of federalization, the number of cooperatives is in increasing trend. In 2015 there were 32234 cooperatives in Nepal that increased and reach 34453 in 2022 (Cooperative Department Report, 2022). Annually the numbers of cooperatives are increasing. Cooperatives also increase the number of jobs in local level that reached around 20 lakhs at the end of 2022 (NRB, 2022). Covid-19 pandemic and economic depression bring some problems in certain cooperatives but the small cooperatives and locally formed cooperatives are still effectively functioned. Cooperatives play role to increase employment in local, level through providing training, saving and investment related activities. In this study it analyzed the economic impact of cooperatives with references of Uthani Farmers' Cooperatives Limited that was established in 2062 B.S., in Kalika municipality of Chitwan district. The cooperative play's vital role to enhance the economic capacity of the people living in local level.

Methodology

The study has been based on qualitative research paradigm and followed both descriptive and analytical research design. Qualitative information analyzed through descriptive way and quantitative data scrutinized through using analytical research design. Both secondary and primary source of data were used for this study. Books, article and already published other materials have used as secondary source. Primary data were collected from field survey questionnaires and, observation. 25 individuals

aged above 20 years aged group were chosen as sample population for this study. Sample has been selected through cluster sampling method and only member of the UFCL were participated in this study. Tables and graphs were used to present the data collected from the field. Socio Economic

Characteristics of the Respondents

Respondents from various socio-economic backgrounds are involved in this study. The following table notes the status of the respondents as;

Table 1: Socio Economic Status of the Respondents

Age	No.	%	Sex	No.	%	Education	No.	%
20-30	5	20	Male	13	52	Illiterate	2	8
30-40	8	32	Female	12	48	Primary	15	60
40-50	5	20	Total	25	100	Secondary	5	20
50-60	4	16	-	-	-	Above secondary	3	12
Above 60	3	12	-	-	-	Total	25	100
	25	100	-	-	-		-	-

Source: Field Survey, 2022

Table 1 note that 20 % respondents are between 20 to 30 years age group, 32% are 30 to 40 years age group, 20% are 40 -50 years age group, 16% are 50 -60 years age group and 12% age above 60 years age group. Like that 52% are males and 48% are female. In the same way, 8% are illiterate, 60% pass primary level, 20% pass secondary level and only 12 % pass secondary level.

Study Area

Kalika Municipality ward no 8 is selected as study area of this study where UFCL is located. According to the ward records 2022 total population of the ward is 6734 whereas 1212 are the member of UFCL in 2022 (UFCL, 2022).Geographically the study area is located in inner terai and farming is the main occupation of the people living in study area. In study area majority of the people were participated in vegetable farming so that cooperative also supports members in vegetable farming and other activities like providing fertilizer and toots, training to the farmers.

Economic Impacts of UFCL

Uthan Farmers' Cooperative Limited has been playing important role to increase the economic status of the members through enhancing the employment, income and saving. Through micro-credit program the cooperative providesloan facility tothe members. Like that job-oriented trainings are also providing to the members in collaboration of non-government and government sectors.

Employment

UFCL plays important role in increasing employment in local level. Since the establishment of the cooperative, it has been started job-oriented training. according to the Bulletin of the cooperative around five hundred members were involved in employment related training that had run by cooperatives itself and other partners like municipality and non-government organizations.

Table 2: Employments

S.N.	Opinions	No.	%
1	Effective	20	80
2	Not effective	5	20
3	Total	25	100

Source: Field survey, 2022

Above table shows that 80% respondents are satisfied with the employment-oriented program and 20% do not satisfied and noted that the program is not effective in study area. These training are running only for formality. Majority of the respondents noted the program related to employment is effective in study area.

Saving

The cooperative has been running saving program since its establishment date. Now the cooperatives have more than 70 million saving. The saving has been collected from share and day to saving. Most of the members are involved in saving related activities; however, respondents have mixed perception toward saving program of the cooperative.

Table 3: Saving

S.N.	Opinions	No	%
1	Effective	17	68
2	Not effective	8	32
3	Total	25	100

Source: Field survey, 2022

Table 3 noted the respondents' opinions about the effectiveness of saving. Majority 68% respondents noted that saving program is effective in study area and 32% respondents donot feel effective among the members because interest of saving is not reliable.

Loan Distribution

Loan distribution is one of the main activities of the cooperatives though loan dispersion cooperates brings changes among the members' economic situation. The following table shows the respondents perception about loan dispersion situation.

Table 4: Loan Distribution

S.N.	Opinions	No	%
1	Effective	20	80
2	Not effective	5	20
3	Total	25	100

Source: Field survey, 2022

Above table shows that 80% respondents are satisfied with loan dispersion system of the cooperative and 20% do not satisfied and noted that the program is not effective in study area. Cooperative should be transparent on loan related activities; however, majority of the respondents have positive response on it.

Uthan Farmers' Cooperative Limited brings programs related to farmers' supports through low interest loan dispersion and youth loan dispersion. In fiscal year 2078/79, 123 members have taken loan in low interest rate. Like that 20 youth who returned back from foreign job have got five lakhs loan without interest. These youth had begun vegetable farming in catchment area of the cooperative. Crops and animal insurance program also runs in the study area through initiation of the cooperatives.

Program runs by the cooperative has bring positive effect on farmers because it increase in annual income, saving as well as expenditure, however, the cooperative has also faced the problem to provide quality service to the members.

Loan dispersion and refunding is one of the challenging tasks for the cooperative. After COVID-19 pandemic the cooperative has been facing problem of liquidity. Some of the members did not pay loan in time that create imbalance on the loan management. Like that interest rate of the bank also creates problems on deposit. Members' attraction goes to the Bank and finance company rather than the cooperative because bank and finance companies increase the rate of the interest in saving.

Since its establishment as Small Farmer Development Program and at the time of handover this program was found and considered as one of the successful programs among the SFDPs. It was in profit and has total fund of Rs. 654 thousand outstanding handed over to SFCL which is really a good amount.

Early, period of handover of the organization, the community workers (Staffs), member of coordination committee and the participants small farmers were seeming to be highly encouraged and found increasing in collection, decreasing in overdue percentage, increasing highly in group saving, livestock insurance fund and other fund.

Conclusions

As the majority of the population of our country constitutes small farmers, UFCL, has been introduced as one of the major economic and social program. This is clearly demonstrated the ability of the cooperative to meet its objective, social and economic upliftment of rural poor people in a sustainable manner. The UFCL provides two categories loan i.e. short term and medium term loan and has also categorized its loan portfolio into different purpose. The UFCL has launched specified training economic, social, community, development but all these are not sufficient except economic activities. The total saving fund of all groups and all members has reached 300 thousand and mobilization of saving fund has reached 80% of total saving. The loan disbursement of UFCL is gradually decreasing and collection of loan is constant in average. Non- small farmers are also involved in the program. The employment opportunity of landless farmer is less than land holding farmers. The average income of beneficiary household has increased but that of landless families' income has increased less than landholding families. The UFCL has not reduced the income gap in beneficiary households. The average loan collection in livestock and cereal crops is higher than other purposes. Literacy rate of beneficiary small farmers are found higher in both male and female as compared to non-beneficiary small farmers. The main problems of UFCL are higher interest rate, complicated official procedure, and lack of training. 20% participant SFs are not satisfied with cooperative due to lack of social, community activities and training. This cooperative has increased the internal source and maintain more than one third of total investment and this growing is a good trend.

Recommendation

The role of UFCL with regard to economic upliftment of poor small farmers is not over exaggerated. The overall impact of UFCL is found to be positive, however, there are some bottlenecks to be removed in order to make the cooperative more approachable, more effective and self-sustained. Following are the some of the recommendations:

- UFCL provided long term loan for the people are not able to pay the debt in short period.
- The interest rate is high. The UFCL should give heavy discount in interest to landless and Dalit small farmers.
- There is only one time, training was launched which is not sufficient to implement the program successfully so it is recommended that such program for training should launched in this study area.
- There are six inactive groups with 38 members of UFCL. It is recommended that the UFCL need to do something to make the members active.
- The amount of the UFCL loan disbursement is largely dependent upon the amount of loan repayment in each year. So, the UFCL should encourage the farmers by various policies such as subsidy on loan, interest etc for the repayment of loans.
- This program is more effective to high land holding families so it should make in favor of landless and small landholding farmers.
- The involvement of high landholding farmers is not good, so they should be discouraged to involve in UFCL.
- The trend of loan disbursement is gradually decreasing every year so the UFCL should play vital role to improve it.
- The UFCL should give subsidy for agriculture because there is so many members are engaged in such occupation.

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