

Cooperative Education Movement in Nepal

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Abstract

As the nation is making second effort in drafting a new constitution, she is trying to ensure rights of the people to access basic goods and services like food, education, health, and clean environment. Upcoming challenges are result of weak legal institutional arrangements with weak monitoring. A rupee in cooperative means different from a rupee in commercial bank from poverty reduction perspective. Government should be sincere regarding the sum of money in cooperatives and also the value of the services in most trust worthy and easiest way in those areas where private areas don't feel comfortable. Cooperative movement also meant poverty reduction. Soon before tragedy of collapse down, it is better we manage cooperative in principle and norms. This is the most important challenge in turning cooperative toward poverty reduction sector.

Keywords: Cooperatives, Share member, Community, Cooperative Education

Background

Nepal has witnessed dramatic changes in the political system within the last few decades. Social changes have accompanied political changes. But economic development has been not only slow but also exclusionary with gender, ethnic, and regional disparity in development outcomes. The nation has failed to secure basic economic rights of the citizens through federal republican constitution following the Constitution Assembly election of 2008. As the nation is making second effort in drafting a new constitution, she is trying to ensure rights of the people to access basic goods and services like food, education, health, and clean environment. The efforts would be to take the development process close to the people through state restructuring and moving to a federal set up and with the scaled up complementary roles of the government, the cooperatives, and the private sector.

Nepal remained for long as a centralized state with service delivery being ineffective and insufficient. The multiparty democratic system of post 1990s accompanied by liberal economic system overly depended on market for the delivery of basic services to the people. As a result, it could not address exclusion and deprivation; rather inequality increased and it was embodied in the skewed distribution of productive resources including land, capital and technology. Human capital formation also took an unequal shape with poor people being denied of quality education and health care services. Difficult geography and lack of infrastructure excluded many people from the development mainstream. This became the breeding ground for civic disenchantment and conflict which took a big toll of people and resources for a decade. With the conflict settled, the nation is now heading towards a credible solution to the political impasse. The country is also reorienting economic policies to make them people centric and inclusive. In this process, the roles of the state and the private sector are being defined while also fostering the third grass root actor of development, namely the **cooperatives**.

The message from the failures of the liberal democracy introduced in 1990 is very clear – any political system that does not deliver development to the people or delivers in the most unequal way is prone to collapse. For those of us who believe in welfare state and delivering democracy, it is necessary to know that the system must produce high rate of economic growth while striving to ensure social justice and equity. Although a high economic growth is possible only with open economic policies and global economic integration, making the growth inclusive and ensuring equity along with social justice would demand that socially responsible institutions in the state, market, and community are evolving in the country. The

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society is looking forward the evolution of **cooperative organizations** from this perspective.

Cooperative Movement

In the recent years, Nepal has taken several measures to make development process people centric and ensure that all people are benefited from the development outcomes. The strategy for inclusive development has been the evolution of three-pillar economy comprising of the state, cooperatives and the private sector. The role of the government has been focused on providing universal basic social services including that in education and health, ensuring food, shelter and environmental security, and promoting social security for the vulnerable people. Cooperatives have been entrusted to organize the local marginalized, weak, and vulnerable people for their socio-economic empowerment. The private sector is given a key role in the economic growth process by providing a liberal, open and competitive business environment. Conflict in Nepal is deep rooted in extreme poverty, a feudal society, historic sense of marginalization of certain sections/ethnic groups and political-social neglect. Political, economic & social exclusion based on class, caste, gender, ethnicity, and geography have been the breeding ground for conflict. A weak state further ravaged by conflict and prolonged post conflict transition and a nascent market with evolving private sector have both been yet unable to deliver the basic goods and services to the people who are excluded by caste, ethnicity, gender, and geography. An unequal distribution of productive assets, resources, and opportunities has resulted in high inequality and aggravated grievances among people, resulting in a pressure for changing the economic rule of the game and the introducing new agents of economic activities. This is why **cooperatives movement** whether people like it or not, has evolved by leaps and bounds in the country in the last decade. Of course, an unbridled expansion has also created aberrations in the cooperative movement, indicating a need for a strong regulatory and monitoring system in place at both the state and organizational levels.

Cooperative is not a unique system for Nepal only. There are hundreds of thousands of cooperatives in countries around the world. Over one billion people are member- owners of these democratic businesses. They are predominant in several areas of business in the advanced and developing world alike. In Nepal, there are about 30,000 cooperatives with a reported 45 million members. These cooperatives are involved in diverse facets of the Nepalese economy including saving and credit, agricultural production, dairy, manufacturing, financial services, communication, energy, education, health, and consumer service businesses of many kinds. They are already an important part of the Nepalese economy and society; they have mobilized Rs 40 billion as share and reserve capital, collected Rs 160 billion as savings, provided loan worth Rs 135 billion and created jobs for hundreds of thousands of Nepali people. An increased role of cooperatives has been making our economic system more compatible with our long-term evolution to socialism oriented democratic political system. They are becoming instrumental to reduce the severity of inequality and to promote inclusion. And, they have been emerging as sustainable social businesses. Yet, there is high expectation for their greater contribution to economic transformation, social inclusion, economic democracy and human security along with carrying a true cooperative spirit and values.

१९६ Cooperative Societies

Finding a universally acceptable definition for cooperative societies is difficult if not impossible because a cooperative society means different things to different people. Cooperative societies are community based, self controlled and self funded microfinance institutions (Simkhada, 2004) as they are meant to operate at the micro level in most cases to serve the low level strata of the economy, to people who in most cases lack access to formal banking system. Cooperatives are financial organizations that are owned and controlled by the members and they provide savings and credit services to their members in the community (Sharma et al., 2005). Cooperatives are a form of microfinance institutions owned by group of people who are the members and they provide small scale financial services – mainly savings and loans just like any other microfinance institutions to their members. This is different from the formal microfinance institutions which are meant to serve the general public. Cooperatives are voluntary associations that are members owned, self managed and democratically controlled within a specific location (Adedayo & Yusuf, 2004). The existence of cooperative in a community suggests that they may be location bound or

restricted which also apply to some formal microfinance institutions.

Cooperatives are therefore owned and controlled by the members who voluntarily come together based on share value to meet members' needs. Cooperative is an association of individuals who voluntarily form a cooperative society who are united in their quest for the economic benefits of the members. Cooperative can be an intervention based on social intermediation in which poor people can mobilize their savings, link them with credit and finally become self employed (Singh, 2004). The social intermediation in cooperative societies includes training of members on different areas of vocations, health, literacy, business record keeping and management skills as found necessary. Social intermediation also includes support for members in trouble such as sickness and those having essential social function to perform like weddings.

Cooperative in Educational Practice

Most people believe that cooperative is for the poor in rural areas of developing nations; this notion was debunked by Singh (2004) stressing that there is a high demand for cooperatives all over the world and that cooperative services is not limited to rural societies alone but is applicable to both the developed and developing countries. In some cases there could be male or female domination of cooperative participation. The members of cooperative such as females, head of households, pensioners, displaced persons, workers, small farmers and micro entrepreneurs, fall into four poverty levels: destitute, extremely poor, moderately poor and the vulnerable non-poor. In developing countries, for example Nepal, members of cooperative (either formal or informal) are not restricted to the illiterate and semi illiterate because employees of relatively large organization do own and operate cooperative societies.

According to Ghosh and Maharjan (2001), modern cooperatives started in 1904 in British India when the cooperative societies act was enacted. The purpose of the cooperatives at inception was to provide cheap credit to the farmers.

Later, the cooperative societies began providing financial intermediation to members (World Bank, 2000). Eventually, multi-purpose cooperative societies were designed to simultaneously solve several problems facing members, such as input supply, farming and marketing of farm products. Consequently one could arguably state that the need to reduce shortage of loans to the low income farmers among the members brought about cooperative societies in Nepal. The operation of cooperative within and outside Nepal varies from other countries. In some countries, there are rules and regulations guiding the operation of cooperatives which they are expected to comply with. The regulation may require the cooperative to be under the direct control of the central bank of such nation or a separate agency may be created to monitor and control the affairs of cooperative depending on what the country deems acceptable to do.

Cooperatives and Savings Mobilization

The impact of four savings and credit cooperative societies which consists of two self promoted, one program promoted and one government sponsored cooperatives located in both the rural and urban areas of Nepal was carried out by Simkhada (2004). The study was underpinned by social capital theory. The sample consists of members and non-members to determine the impact of the cooperative at individual, household, enterprises and community levels. The researcher reported that the cooperatives used compulsory savings to develop consensus among members and as a result, the members develop capacity to save and repay their loans. Savings help rural finance clients to determine their loan amount and how they save in the program. The findings suggest that the poor people are not only interested in credit but they are also interested in how to save their money at regular intervals. It is not the credit obtained that raises the poor out of poverty but their ability to save from income generated from the use of credit given (Buckley, 1997). A person that finds it very difficult to save may eventually consume both his capital and income because credit alone is not enough to deliver the poor from poverty.

Savings platform is useful for any cooperative that wants to enjoy maximum participation from the rural dwellers because savings help the members to fulfill many purposes such as provision of security against

theft, avoidance of useless expenses and access to cooperative loan. Savings deposits added an important dimension of risk reduction to the participants. This is because their result shows that cooperative members save to avoid theft. Financial intermediation is therefore not complete with availability of credit without the platform to mobilise savings from the poor because cooperatives mobilize large numbers of voluntary small savings (Branch, 2004) from their members.

Cooperatives on Poverty Reduction

The structure and poverty reduction activities of cooperative societies with the use of nine anticipated benefits of cooperatives such as frequency of borrowing, loan amount, use of loan, consumer goods purchased and assets acquired as variables for poverty reduction and better standard of living condition. The study found that the amount of loan given to the members is significant when compared with the low standard of living in rural areas. Their findings on use of loan shows that 64.17% was used for trade and investment, 4.62% on children education, 8.46% on purchase of business inputs while 6.03% was deployed in acquisition of assets. However, the results of the study would have been further strengthened if non-member had been included in the sample. This would have provided a better understanding of impact of the cooperatives for comparison.

Sharma et al. (2005) found that most members used their loan for agricultural production (23.6%), animal husbandry (22.3%) and business investment (20.8%), while cooperatives loan interest is lower than other informal providers. The study concluded that the expansion of trade through the cooperatives loan leads to social capital for the communities. Banks charge interest on loan of about 40% per annum while banks loan take too long period with more administrative details before it is disbursed.

Cooperative Services and Members Satisfaction

Cooperatives are major supporters of self employment in the urban and rural areas which help the income of the members to increase. The members care about the well-being and economic problems of one another and also provide opportunities for casual labourers to be gainfully employed in order to reduce poverty. The use of regulatory authorities may not produce the real impact because the authorities may give more of positive effects of cooperative to support their role.

Moreover, cooperative members in rural and urban areas and rural bank clients were combined without considering the peculiarity of each area. As a result, their findings may not represent the opinion of either the rural or urban dwellers and cannot be used as a basis for nationwide analysis. The study does not make use of any control group which could have been non-members in the programs in the same location or members that do not have loan from the programs.

Simkhada (2004) found improvement in involvement of female members in decision making because 71% of members and 61% of non-members take decisions on family planning, 84% and 43% for members and non-members respectively for community development and 29% of members, 15% of nonmembers were in participation for community meetings. The study traced social capital build-up to the availability of financial services among cooperative members, which is better than that of money lenders. The social capital also includes the establishment and expansion of markets due to the existence of cooperatives. Cooperatives reduce transaction cost in accessing financial services in the form of savings and loan. It also reduces the distance to formal financial providers' office in urban centres, while giving opportunity to those without credit history to receive loans.

Sharma et al. (2005) longitudinal study was underpinned by social capital theory. The research on socio-economic impact of four cooperatives in Nepal on their members reported that the feeling of ownership of the program was high among members. The study reveals that non-members expenditures on health are higher than members because the program gives their members the knowledge of preventive health. Members were more able to send their children to school than non-members. Better toilet facilities was reported by members (52.5%) than non-members (24%). 64.5% of members improved their diet, 34% stayed the same, and 0.5% was worsened. Social capital was documented by Sharma et al. (2005) because

group solidarity, as a result of participation in cooperative, increases members' confidence to move against social vices, and enhanced unity and cooperation were noticed among members. Specific comments and concern raised during the FGDs were not reported in the study.

How cooperative membership impacts on the well-being of the individual was the focus of Holmgren (2011) underpinned by social capital theory. Its result on members' satisfaction shows that 3.5% were not satisfied, 43% were satisfied, 47% were somewhat satisfied while 7% were very satisfied. Family health was fair for 56%, those with good family health were 38%, 4% were bad while 2% were very good. Negative relationship was found between membership length and family health, while better education has a positive impact on health and life satisfaction. The study reported an increase in the community well-being level because members were well educated. The researcher concluded that cooperative improves members' well-being.

Cooperatives and Household Asset Acquisition

Simkhada (2004) reported that cooperative members acquire more of the following household assets land, house, vehicles, motorcycles and jewellery than non-members. The actual assets acquired by cooperative members are: house 0.6%, motor car 1.5%, motorcycle 16%, radio 18.5%, television 18.8%, video 20.9% commercial vehicle 0.9%, grinding machine 9.7% and 5.8% on sewing machine. The study concluded that membership of cooperative enhances assets acquisition within a short period.

Cooperatives help members to increase their ownership of assets which enable members to save more and borrow less as their assets increases over time (Branch, 2004). Cooperative improve members standard of living as a result of ownership of household assets. Sharma et al. (2005) found that members acquired more of jewellery, houses and vehicle than non-members, but non-members own more of land with a mean value of 4.1 than members with mean of 3.8. Statistical test was not carried out on the result. The ratio of assets acquired to total expenses was 4.22 and 10.58 for non-members and members respectively. Members have larger living areas and total possession value than nonmembers. Ownership of computer increases members' satisfaction by 14.5% (Holmgren, 2011).

Effect of Cooperatives: Standard of Living vs. Quality of Life

A review of the variables and criteria used in previous studies to assess the effect of cooperative societies on economic conditions of the members suggest either the measurement of standard of living, quality of life or both. The standard of living is the totality of household wealth and material goods that are directly and immediately related to an individual and the household (Harayama, 2008). This can be considered in relation to accumulation of income that is available to acquire material goods. Standard of living is the improvement in the level of daily life with the exception of food and clothing because food and clothing are the lowest level on individual needs (Bandyopadhyay, 2008).

The quality of life relates to parameters that are linked to freedom and health which can be measured using social and economic factors (Harayama, 2008). The variables used for quality of life may include some financial parameters. In most cases, the variables are non-financial indicators relating to the welfare of the program participants such as food security, consumption and nutrition, quality of their house, toilet and sanitation, health and family planning, human capital resources and enrolment of children in school. An improvement in these variables is an indication of a better quality of life which implies a reduction in poverty level. Access to a loan may provide a higher level of income or income substitute, but not necessarily a better quality of life. It depends on what the income is spent on and what the outcome of that spending may be. An overview of previous studies reveals ten main variables or indicators used to depict both the standard of living and the quality of life. The variables for standard of living are asset acquisition, income, savings, financial smoothening and enterprise turnover and profit. While the indicators for quality of life are enrolment of children in school, food security, consumption and nutrition, quality of house, toilet and sanitation, health and family planning; and human capital resources.

Higher income may enable individuals to buy comfort and luxuries at the household and enterprise levels

depending on their social status and the economy strata such person belong to. Lower income may imply a low standard of living where more income is spent on basic needs such as food and clothing. Those with lower standard of living than country specified poverty line are the poor who are largely found in rural areas, and they are likely not to have what it takes to improve their conditions unless they are in cooperative.

Cooperatives and Human Security

Human security is the protection of the vital core of all human lives in ways that enhance human freedoms and fulfillment. Human security thus means protecting fundamental freedoms - protecting people from critical threats and situations that undermine their well-being. In a broader sense, it implies creating political, social, environmental, economic, and cultural systems that together give people the building blocks for survival, livelihoods, and dignity. Human security, along with ensuring absence of violent conflict - encompasses access to economic opportunity, social services like education and health care and social protection. It is a concept that comprehensively addresses both freedom from fear and freedom from want, and thus creates an environment for economic justice and empowerment along with poverty reduction and human development. Food, shelter, job, education, health, environment, and freedom from crime are some of the emerging dimensions of human security all over the world. As such, human security has emerged as an extension of the human development paradigm which, in its narrowest sense, encompasses income for decent living, knowledge, and a healthy life.

The current society we live in these days is marked by high incidence of absolute poverty, exclusion, inequality, high unemployment, and often conflict also for the same reason. The root of all these problems is overly dependence in either the state or the market to deliver the basic development for all including those related to human security. But, only these two actors are neither sufficient for development, nor they alone can deliver inclusive development and human security. The cooperative movement, through seeking to deliver social, economic, cultural and environmental needs of its members on a local scale, can address the issues of human security even in a capitalist system, where human security is defined as freedom from want, condition which meets the economic and social needs and rights, and freedom from fear, condition which meets opportunities for meaningful participation within a community to include civil and political needs and rights.

Cooperative, Economic Condition and Household Income

Shaw (2004) analysis on changes in income reported that 25% of households that were initially below poverty line exit poverty after joining an informal finance program and the household income of frequent clients is more than new clients. The income of members increased when compared to their income level before joining the cooperative and helps to fight poverty (Ghosh & Maharjan, 2001). Simkhada (2004) reported that members experience better household income (62%) than non-members (20%).

Cooperatives and Better Standard of Living through Enterprise Assets

Edgcomb and Garber (1998) reported 33% and 16% for clients and non-clients respectively on ownership of storage facility with a statistical significance. On acquisition of small tools, the study reported 40% for clients and 19% for non-clients, while Falaiye (2002) documented 50% for clients and 31% for incoming clients. Sharma et al. (2005) indicated that nonmembers acquired fewer enterprise assets than members.

Social Aspects of Cooperative Social Responsibility

CSR was industry's obligation to pursue those policies, to make those decisions, or to follow those lines of actions which are desirable in terms of objectives and values of society. Another thinker, management guru Peter Drucker was one of the first to explicitly address Corporate Social Responsibility, including public responsibility as one of the eight key areas for business objectives developed in his 1954 book, The Practice of Management. While Drucker believed that management's first responsibility to society involved making a profit, he felt it was also most important that management consider the impact of every business policy and action upon society. Bowen's and Drucker's as well as others' conceptions were

based on classical Greek philosophy represented by Socrates and Plato. Particularly relevant is Socrates' opinion that managers should treat with entrusted property, as it was their own (Xenophone, 380BC).

A landmark in modern social responsibility was 1971 when the Committee for Economic Development (hereinafter also CED) in the USA published the report *Social Responsibilities of Business Corporations*. As a code of conduct, the CED outlined a three-tiered model of cooperative social responsibility:

1. The inner circle: the basic responsibilities an organization has for creating profit and growth;
2. The intermediate circle: an organization must be sensitive to the changing social contract that exists between business and society when it pursues its economic interests; and
3. The outer circle: the responsibilities and activities an organization needs to pursue towards actively improving the social environment.

Very important is that the model has been empirically tested and largely supported by the findings and that it in cooperatives and gives top priority to the economic dimension as an aspect of cooperative social responsibility.

Even though corporate social responsibility is well rooted in today's business environment, cooperative social responsibility had in its modern history and still has opponents. One of the most influential opponents was famous economist Milton Friedman who advocated that there is one and only one social responsibility of business to use its resources and engage in activities designed to increase its profits, so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.

Figure : Pyramidal Structure of Cooperative Social Responsibility



Source: Bakhsheshy, A. (2007), *Cooperative Citizenship, Social Responsibility, Responsiveness, and Performance*

Society's expectations of business increase every year, and no firm can hope to be successful without taking into account of those expectations whether it is a reduction in pollution, detailed contents labeling, or additional health benefits. The frameworks that have built up around cooperative social responsibility can help companies to make sense of these expectations, and achieve a balanced approach to their responsibilities. A lot has changed since Friedman wrote his article. Today, companies are learning they can increase profits as a result of their cooperative social responsibility efforts, not despite them.

Environmental Aspects of Cooperative Social Responsibility

Human beings do not only assimilate with their surroundings but actively adjust them according to their needs. The intensity and kind of such an influence followed the development of civilization. These actions of human beings had both positive and negative impact. Thomas Robert Malthus (1766-1834) ranks among the pioneers investigating the disproportion between the growth of population and available natural sources. With growth of pollution, extinction of some species, and appearance of other environmental problems more scientists and politicians started paying attention to the problematic and realized, the problems are not only on the local level but have global character.

The establishment and work of the association called the Club of Rome in 1968 meant a significant step in the environmental problematic, crossing boundaries by including more than 30 scientists from 10 countries into the project. Foundation stone to the environmental politics was laid in 1972 in Stockholm at the 1st United Nations Conference on the Human Environment also known as the Stockholm Conference (UNEP, 1972). The formulation of the idea of sustainable development is considered as the most important conclusion of United Nations' activities in 1970th and 1980th. The United Nations was aware that the global progress cannot be stopped but must meet the needs of the present without compromising the ability of future generations to meet their own needs (UN, 1987). Sustainable development can be conceptually broken into three constituent parts: environmental sustainability, economic sustainability and socio-political sustainability. Further United Nations' summits concluding in more or less successful results followed:

1. Earth Summit in Rio de Janeiro in 1992 concluding Rio Declaration on Environment and Development, Agenda 21, Convention on Biological Diversity, Forest Principles, Framework Convention on Climate Change, and
2. Earth Summit in Johannesburg in 2002 adopting the Johannesburg Declaration that built on earlier declarations made at Stockholm in 1972, and in Rio de Janeiro in 1992.

Today in the global economy, where the internet, the news media and the information revolution shine light on business practices around the World, cooperatives are more frequently judged on the basis of their environmental stewardship. Increasingly business partners, governments and consumers want to know what is inside a cooperative. This transparency of business practices means that for many cooperatives, environmental aspects of cooperative social responsibility, are no longer a luxury but a requirement.

Five Decades of Cooperatives in Nepal

Starting from Bakhan Cooperative Ltd, the first cooperative established way back in 1957, Nepal's cooperative movement has already completed five decades. During this 53-year period, especially after the enactment of the new Cooperative Act in 1991, the sector has witnessed a massive growth in terms of quantity. There are over 21 thousand cooperatives of all types with over 3 million members. Together, they employ some 50 thousand people directly and over half a million indirectly.

No doubt, the numbers look impressive but the impact on the economy still appears dismal. Cooperatives' contribution to the GDP is barely 3 per cent. Provided the sheer numbers mentioned above, this is not satisfactory and leaves a big room for better performance. Of the country's financial system's total deposits, nearly 15 per cent is said to be with the cooperatives, mostly with the 10 thousand plus Savings and Credit Cooperatives (SACCOS), a majority of which are concentrated in the urban centres. The need for cooperatives is in the rural, remote areas than in the urban centres where financial access is already being taken care of by a range of banks.

Cooperatives can indeed play a very important role in an economy like ours. The private sector, for obvious reasons, is motivated by profits. And it doesn't invest in an area where it doesn't see the

prospects of a good return. This “profits first” attitude has excluded most of Nepal from private sector investment/engagement. For various intrinsic and extrinsic constraints, the state’s presence, too, is limited and ineffective. In fact, the state is virtually non-existent for a majority of Nepalis, especially those in the rural and remote areas. This is a huge gap that nothing else except the cooperatives can fill in. Needless to say, they are also motivated by service than profits.

The political parties seem to have realized this fact. Only a couple of months back, they agreed to grant the cooperatives a status equal to that of the public and the private sectors by adopting a three-pillar economic model based on public-private-cooperatives in the new constitution to be drafted. This is a welcome step. But a constitutional recognition alone is not going to work. It has to be complemented by the right policies and programmes aimed at strengthening the capacity of cooperatives, especially those at the primary level.

A few things need to be done urgently. The government has to establish cooperative training centres at appropriate local levels. The Department of Cooperatives lacks both human resource and expertise to monitor the activities of SACCOS which are already operating in a bank-like fashion and face – a majority of them, at least- the risk of “elite capture”. Principally, cooperatives are self-regulated institutions. But now many of them have started operating beyond the seven universal principles of cooperatives. This situation warrants a course correction through proper regulation.

Conclusion

Poverty is identified as an integrated strategy of socio-economic development. Reduction of poverty refers to improving of poor's condition and generation of a sustainable command of welfare. Cooperative is community business. Cooperative in Nepalese rural context can potentially support breaking down the vicious cycle of poverty. Cooperative means for income, social and perception based poverty reduction. Upcoming challenges are result of weak legal institutional arrangements with weak monitoring. A rupee in cooperative means different from a rupee in commercial bank from poverty reduction perspective. Government should be sincere regarding the sum of money in cooperatives and also the value of the services in most trust worthy and easiest way in those areas where private areas don't feel comfortable. Cooperative movement also meant poverty reduction. Soon before tragedy of collapse down, it is better we manage cooperative in principle and norms. This is the most important challenge in turning cooperative toward poverty reduction sector. A lot can be expected from ethical and democratically institutionalized cooperatives in rural Nepal.

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