

## **CONTRIBUTION OF CO-OPERATIVE IN NEPALESE ECONOMY**

**(A CASE STUDY OF PAROPAKAR SAVING AND CREDIT COOPERATIVE LTD.)**

**Shiva Prasad Devkota \***

### **Abstract**

*This study "Contribution of Co-operative in Nepalese Economy" (A Case Study of Paropakar Saving and Credit Cooperative Ltd) is an attempt to explore the overall status and activities, credit, and the investment pattern in the business sector of Paropakar saving Credit Cooperative Ltd, and also findout the types of credit provided to the team members of saving and Cooperative. This study is based on both qualitative and quantitative research designs. It employed historical, analytical, and descriptive research exclusively based on secondary data. Annual report of Paropakar Saccos to achieve the research objective. I have edited, coded, and tabulated the accumulated data and presented it in the form of a graph, table, chart, and trend line. The finding of the study shows that there is a high investment in NEFSCUN in comparison to other sectors. It provides a huge amount of business loans to the businessman for the creation of economic activities which ultimately helps to achieve the economic goal of the cooperative. It also reflects that the investment pattern is low in comparison to the credit patterns in the Saccos. The cooperative should invest the money in the productive sector which helps to uplift the living standard of poor, marginalized, vulnerable, women, disabled, and economically disadvantaged people and high rate of economic growth. Moreover, by providing various loans, Co-operative helps to attract the youth in the agriculture sector, and also helps to produced small scale to the higher-level businessman.*

**Key words:** *Co-operative, loan, business, investment, share, economic*

### **Introduction**

Saving and Credit Cooperatives are financial institutions that can play a significant role to develop the economic situation of developing countries like Nepal. "A Cooperatives is an association of persons usually of limited means who have voluntarily joined together to achieve a common economic end through the information of a democratically controlled business organization, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking". The philosophy behind the cooperative movement is "all for each and each for all". A cooperative is defined by the international cooperative alliance's statement on the cooperative identity as an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and inspiration

through jointly owned and democratically controlled enterprise. A Cooperative usually uplifts the living standard of lower-income people. Cooperative development may be the backbone for the development of developing countries (NRB,2012).

The cooperative enterprise also presents an important model as many of the protest and disadvantaged face social exclusion, lack of access to opportunities, and growing economic inequality. As the uneven effects of globalization have led to a rise in the unregulated informal economy, workers in the informal sectors have formed shared service cooperatives and associations to assist in their self-employment. In rural areas, saving and credit cooperatives provide access to banking services

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\* Mr. Devkota is an Associate Professor of Madhyabindu Multiple Campus and Ph.D. Scholar of Nepal Sanskrit University

which are lacking in many communities. Credit cooperatives also play an important role in the formation of small and micro-businesses. They can affect the kind of financial 'depending' that the World Bank envisages as they consistently reach the poor in a sustainable way (Thapaliya, 2009).

As per the revised estimate, Nepal's real GDP was estimated to grow by 5.0 percent in FY 2014/15. Such growth rate, however, is estimated to stagnate at 3.0% at a basic price against the growth rate of 2.1 percent in the previous fiscal year. While classifying GDP into agriculture and the non-agriculture sector as per industrial classification, the share of the agriculture sector to GDP is in a declining trend while that of non-agriculture is on the rise. Contribution of the agriculture sector to real GDP which was 36.6 percent FY 2000/01 has dropped to 33.1 percent in the current fiscal year while that of the non-agriculture sector has gone up from 63.4 percent to 66.9 percent. The inflation rate, which was 8.9 percent in the first eight months of FY 2013/14, has rested at 7 percent during the same period of the current fiscal year.

It is necessary to achieve and sustainable economic growth rate for the country to graduate from its current status of a least developed country to a developing country by 2022. In a situation where the average annual growth rate for the past 10 years has been a mere 4.1 percent, it poses a tough challenge to the country to achieve an annual growth rate of 7-8 percent for graduating to the developing country. (MoF, Economic Survey, 2015)

Paropkar Saving and Credit Co-operatives are the saving and credit co-operatives in Devchuli Municipality, Nawalparasi District. It has Male 3067 and Female 4247 members in the Fiscal year 2077/078. This Saccos was established in 2063. It gives credit services, free skillful training services, etc. to its members. It contributes to saving, credit, and other services to meet their members' credit needs.

This study is mainly concerned to analyze the credit pattern, investment pattern, and types of credit facility.

## **Objectives of the study**

The general objective of the study is to analyze the overall status and activities of the cooperative in Nepal especially Paropakar Saving & Credit Cooperative Ltd. in Devchuli Municipality, Nawalparasi. The specific objective of the research is as follows.

- To analyze activities of saving and credit co-operatives.
- To examine the credit pattern of Paropakar Saving & Credit Cooperative Ltd. in the business sector.
- To analyze the investment pattern of Paropakar Saving & Credit Cooperative Ltd. in the business sector.
- To find the types of credit provided to the members of Paropakar Saving & Credit Cooperative Ltd.

## **Review of Literature**

In the mid-19<sup>th</sup> century, Raiffeisen and Schulze Delitzsch founded cooperatives self-help institutions of farmers and business people. The first Raiffeisen banks and Volksbanks were established. Municipal saving banks (Sparkassen) also emerged at the same time. The locally anchored saving banks and cooperative banks, which were normally very small in size, accepted saving to be deposited and granted microcredit—in other words, they were the first microfinance institutions in the world. And they are still active in this field today, 200 years later. They actively promote the generation of saving by the public at large finance three-quarters of all small and medium-sized business and more than 80% of all start-up business in Germany. Cooperative self-help institutions were originally founded because of the need to optimize the economic position of the individual member by joint business activities based on solidarity in line with the economic principles of self-help individual responsibility and self-governance as a result of better access to financial service and markets while maintaining the member's

own capability to operate and compete in the markets. The existence of functioning cooperative societies leaves a positive mark on the economic and social structure of a country since cooperatives develop based on local initiative and local economic strength; a decentralized cooperative system can operate close to markets and target groups. In the context of globalization, cooperatives are particularly well equipped to combine the advantage of local activities with regional and national networking within the system, provided they adapt their structure and operations accordingly, thus contributing considerably not just to strengthening their members but the local/regional economic structure in which they are operating (Paul Armbruster, 2004).

In Africa it has been defined as the operations of saving and credit associations, rotating saving and credit associations (ROSCA<sub>s</sub>), professional money lenders, and part-time money lenders like traders, grain millers smallholders farmers, employers, relatives, and friends as well as cooperative societies. (Larenstein University of Applied Sciences, 2008)

Rotating saving and credit associations (ROSCA<sub>s</sub>) are also an important source of credit in most African countries. These are found in both rural and urban areas as either registered welfare groups or unregistered groups. They mainly provide credit to those who would like to intelligible to borrow from other sources. ROSCA<sub>s</sub> have developed mostly in response to the lack of access to credit by SME<sub>s</sub> (small and micro-enterprise), forcing them to rely on their saving and informal credit sources for their financing. It has been found that rural firms use ROSCA<sub>s</sub> more than urban ones. They mostly integrate saving into their credit schemes, thus mobilizing saving from their members. However, even for members of ROSCA<sub>s</sub>, not all their credit needs can be satisfied within the associations. This implies that there is some proportion of borrowing and lending that is not

catered for by either formal institutions or such associations. This is catered for by personal saving as well as borrowing between entrepreneurs and other forms of informal transactions. Rural firms rely more on ROSCA<sub>s</sub> since they present easier access. Saving and Credit Co-operatives (SACCO<sub>s</sub>) also provide both saving and credit facilities to their members. The amount of credit provided depends on the amount of the individual's members' savings, but the use of money is not restricted (Larenstein University of Applied Sciences, 2008).

Fredrick(2013) has analyzed the impact of community-saving and investment program (COMSIP) activities on household income and credit of member households of COMSIP groups in Kasungu District in Central Malawi. COMSIP groups are from village-based micro-credit and community-based saving institutions with several socio-economic functions. The functions include mobilization of communities to save and/or invest their resources into income-generating initiatives and provide credit. The efficiency of the COMSIP program can be enhanced by allocation credit to households with marginal landholding for which the impact is the greatest. Although microfinance programs, especially among the rural poor people living below the standard poverty line of one US dollar per day have elicited different reactions from different stakeholders, there seem to be general agreements that the program is useful amongst the strategies for ensuring improved household income and credit of rural Malawians, hence reduced poverty in long run.

Bharadwaj (2012) argued that a well-managed cooperative played a significant role to combat poverty alleviation, especially in a remote area by changing the community image by ensuring sustainable reduction of poverty. Furthermore, Dhakal & Nepal (2016) found that 87.5% of microfinance were not ready to provide loans for the household level

expenditure such as food, children, education, minor house repairs, farming, fishing, health matters, and other emergencies. Moreover, he also found that microfinance contributes in the field of village economies in the area of farming, petty trade, small-scale manufacturing, and Artisan to uplift the economic condition of needy people by building their trust. Similarly, Tiwari, L., & Nepal, G. (2017) argued that Cooperative had played an influential role to improve the socio-economic growth of poor, vulnerable, lower caste people, women, laborers, and farmers by conducting income-generating various programs. He further emphasized a strong policy of being apolitical and unbiased with no description of any kind based on religion and gender. However, MoF (2015/16) shows that the economic growth of the country (at the basic price) was estimated to remain at 0.77 percent in FY 2015/16. GDP recorded a growth of 2.32 percent growth rate in the previous fiscal year. The economic growth rate in FY 2001/02 had recorded 0.16 percent, which again went below 1 percent in the current fiscal year for the second time. The economic growth rate shrank owing to the negative production rate of mines and quarrying, industry, electricity, gas and water, construction, wholesale and retail trade, hotel and restaurant sector, and the low growth in the agriculture sector that occupies one-third proportion of GDP.

Shrestha (2014) in his article revealed that, problems seen in the cooperatives were due to the cooperative Act, 1992. The problem is aggravating as the act has not been amended as per the changed context. A high-level commission formed last year by the government had found 130 saving and credit cooperatives weretroubled. They had total liabilities amounting to Rs. 10 billion – Rs 7.6 billion deposits and Rs. 2.4 billion in interest amount. Though cooperatives have been doing remarkable works towards alleviating poverty contributing to the national economy, the wrongdoing of some

cooperatives is tarnishing the image of the entire cooperative sector.

K.C. (2003) tried to analyze the present financial position and the prospect of financial cooperatives. She also analyzed the investment and lending practices of the financial cooperative in Nepal. She based the financial and statistical tools are for the analysis of data under financial tools, liquidity ratio, assets management ratio, debt management ratio, profitability ratio is used. Statistical tools mean coefficient of variation and least square which are used in her thesis for analyzing the data. Her finding is current ratio, loan, and total deposit ratio, the return of total assets, return on the total deposit, total interest paid to total deposit ratio of selected financial cooperatives of Nepal are unsatisfactory. The financial cooperatives are going to face the problem of further disbursement of credit in comparison to investment in the agriculture sector. There is a lack of efficient and skilled manpower to run the financial cooperatives.

## **Methodology**

This study describes the step to carry out the research work. A systematic research study needs to follow a proper methodology to achieve the predetermined objectives.

## **Research Design**

The study is designed to examine analyze the credit and investment patterns of cooperatives in Nepal. This study has been combined with historical, analytical as well as descriptive research. It has been used both qualitative and quantitative techniques depending on the nature and source of data and information.

**Nature and sources of data**

This study has been based on secondary data and information. Generally, secondary data have been collected from various published material by related organizations eg; a financial report or annual report of the cooperatives.

**Methods of data analysis**

The collected data have been processed manually. The information has been edited, coded, and tabulated manually. Data and information have been presented in various units' forms on its nature to conduct a thorough analysis of it to fulfill the set objectives. Several mathematical tools such as tabulation, the graphical presentation have been employed as analytical tools. The data and information have been presented in the table, pie chart trend line, etc.

**Data presentation, Analysis, and finding**

Paropakar Saving and Credit Pvt. Ltd was established in 2063 B.S. The main objectives of a cooperative are to collect the deposits, mobilize the deposits in the field where adequate investments are needed, provide sufficient loans to needy people with a low or reasonable rate of interest and improve or uplift the living standard of the people. it has been experienced its 14 years of experience in the field of cooperatives.

The main objective of the study is to analyze the investment and credit pattern of Paropakar Saving and Credit Cooperative Ltd. over 8 years. So, to achieve the objectives, the study can be analyzed in the following way.

**Presentation and analysis of the investment pattern of Paropakar Saving and Credit Co-operative Ltd.**

**Table -1**

**Presentation of investment pattern of paropakar saving and credit co-operative Ltd.**

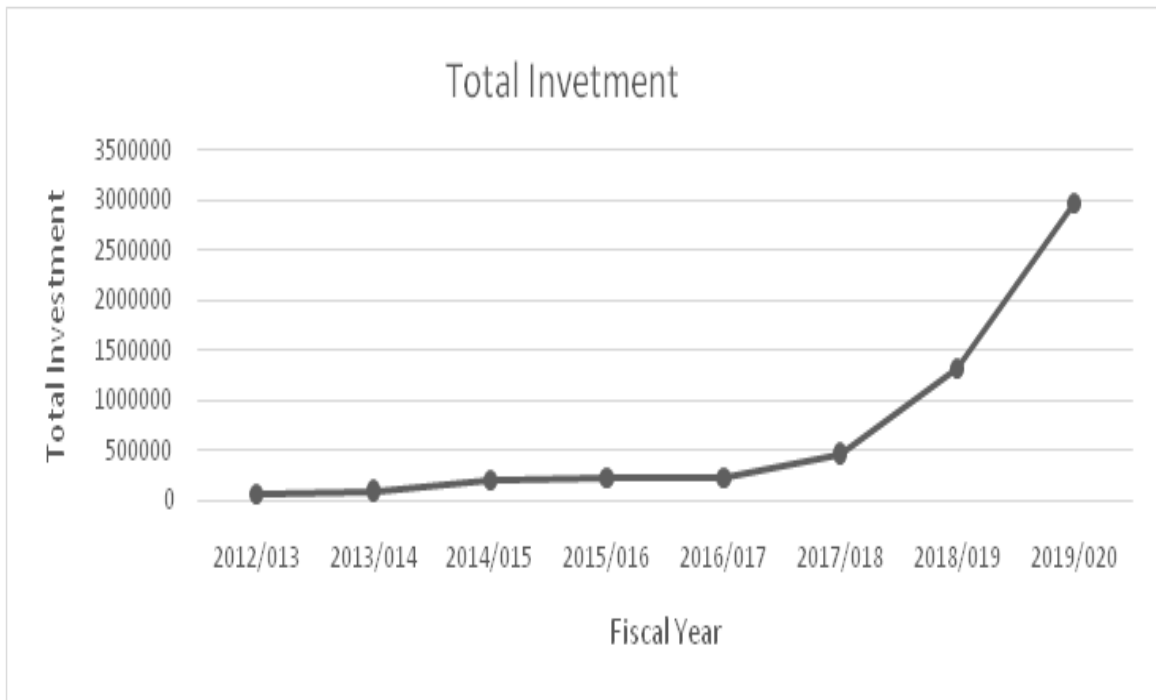
Years	National Cooperative Bank	Nepal Federation of Savings and Credit Cooperative Unions Ltd) (NEFSCUN)	District Saving and Cooperative Association	District Cooperative Association	Total Investment
2012/013	-	43403.03	28000	1000	72403
2013/014	-	52526.10	45252	5000	102778
2014/015	100000	53671.14	51252	5000	209923
2015/016	100000	63769.42	57252	5000	226021
2016/017	100000	75000	55000	5000	235000
2017/018	100000	311000	55000	9000	475000
2018/019	260000	1000000	55000	9000	1324000
2019/020	280000	2620500	62800	14000	2977300

*Source: Annual report of Paropakar Saving & Credit Cooperative Ltd.*

In the above table-1, the cooperative has invested deposited amount in the field of National cooperative bank, NEFSCUN and District Saving Cooperative Association, and District Cooperative Association. The table shows that the cooperative has invested a total amount of Rs 72403 in FY 2012/13. There was a little bit of change in the

total investment level of cooperatives from 2013 to 2018. But from the fiscal year 2018/2019, the investment level of cooperatives is rapidly increased from Rs. 475000 to Rs 2977300 up to 2019/2020. It developed the legacy of co-operatives and increased institutional popularity and strengthens financial governance.

Figure -1



Source: Base on table-1

The figure-1 shows the investment pattern of Paropakar Saving & Credit Cooperative Ltd. Limited for over 8 years. The investment curve is moving slowly increasing line up from FY 2013/2014 to FY 2017/2018. The investment level is upward from FY 2017/2018 and reaches the maximum point of Investment level in the fiscal year FY 2019/2020.

Presentation and analysis of Credit pattern of Paropakar Saving & Credit Cooperative Ltd.

Table-2

year	Agriculture Loan	Percentage change in Agriculture Loan (%)	Household Loan	Percentage change in Household (%)	House & Real estate Loan	Percentage change in House & Real State Loan (%)	Hire purchase Loan	Percentage change in Hire Purchase Loan (%)	Business Loan	Percentage Change in Business Loan (%)	Foreign employment Loan	Percentage Change In Business Loan (%)
2012/013	7336517	-	4037525		2593609	-	905603		14597630	-	1037905	
013/14	11894634	62.13	5087001	25.99	3252275	25.396	1756418	93.95	36477945	149.9	1528046	47.22
014/15	15987324	34.41	5337847	4.931	19774745	508.03	1834625	4.453	61883696	69.65	2744234	79.59
015/16	16207154	1.375	5045478	-5.48	22348365	13.015	1964577	7.083	77977784	26.01	3211921	17.04
016/17	12602621	-22.2	5457051	8.157	40726414	82.234	1795008	-8.63	94593056	21.31	1883018	-41.4
017/18	17567587	39.4	6019671	10.31	57759358	41.823	2259915	25.9	90049922	-4.8	5756914	205.7
018/19	12877922	-26.7	10021759	66.48	75287870	30.347	1567025	-30.7	91902756	2.058	8093514	40.59
019/20	34601634	168.7	24489930	144.4	100454944	33.428	3662919	133.7	133636666	45.41	7027636	-13.2
Total	129075393		65496262		322197580		15746090		601119455		31283188	
Educational Loan		Percentage Change in Educational Loan (%)	Percentage Change in Samajik Loan	Emergency Loan	Percentage Change In Emergency Loan (%)	Saving loan		Percentage of Saving Loan (%)	Conflict victim Loan	Percentage Change In Conflict Loan (%)		
847640		213507		-				-				
1246437	47.05	391650	83.44	64989								
1854537	48.79	10346608	2542	92645	42.55489							
1984468	7.006	1424420	-86.23	-								
5870812	195.8	770460	-45.91	-								
8421723	43.45	6187824	703.1	199725								
4930836	-41.5	1450979	-76.55	45610	-77.1636	37795355					205000	
8397703	70.31	335839	-76.85	520373	1040.919							
33554156		21121287		923342		37795355						

Source: Annual Report of Paropakar Saving & Credit Cooperative Ltd.

The above table-2 shows the credit pattern of Paropakar Saving and Credit Cooperative Ltd. over 8 years. It shows the credit cooperative provides a huge amount of business loan to its members than another sector. There is fluctuation in the credit pattern of cooperatives in the business sector. Most of the credit has been provided to businessmen in the productive sector of the economy. In the fiscal year, 2012/013 the business loan which was provided by the cooperative was Rs 14597630. And in the fiscal year 013/014, it increased to 36477945, which means the business loan increased by 149.9%. In the fiscal year 2014/015 to 2015/2016, the business loan was increasing from 61883696 to 77977784. The business loan was reached to Rs. 94593056 in 2016 to 2017. In the fiscal year, 017/018 the cooperative decreased its business loan. Which was 90049922. From the FY 2019/020 the cooperative increases its business loan by 45.41%. In this situation, the co-operative generates the self-employed and gradually produced the low level to a higher-level business person.

The Cooperative also provides a huge amount of loans to the agriculture sector with a certain percent of interest. So, with the help of the mentioned table, it clearly shows that in the fiscal year 2012/23013 the cooperative provided Rs. 7336517 agriculture loan to its member. The agriculture loan was rapidly increased in FY2013/2014 which was 11894634 or 62.13%. From the fiscal year 2014/2015, the pattern of the loan amount is slowly decreased up to FY

2019/2020 cooperative increased to Agriculture loan which was 34601634 and it was increased by 168.7%.

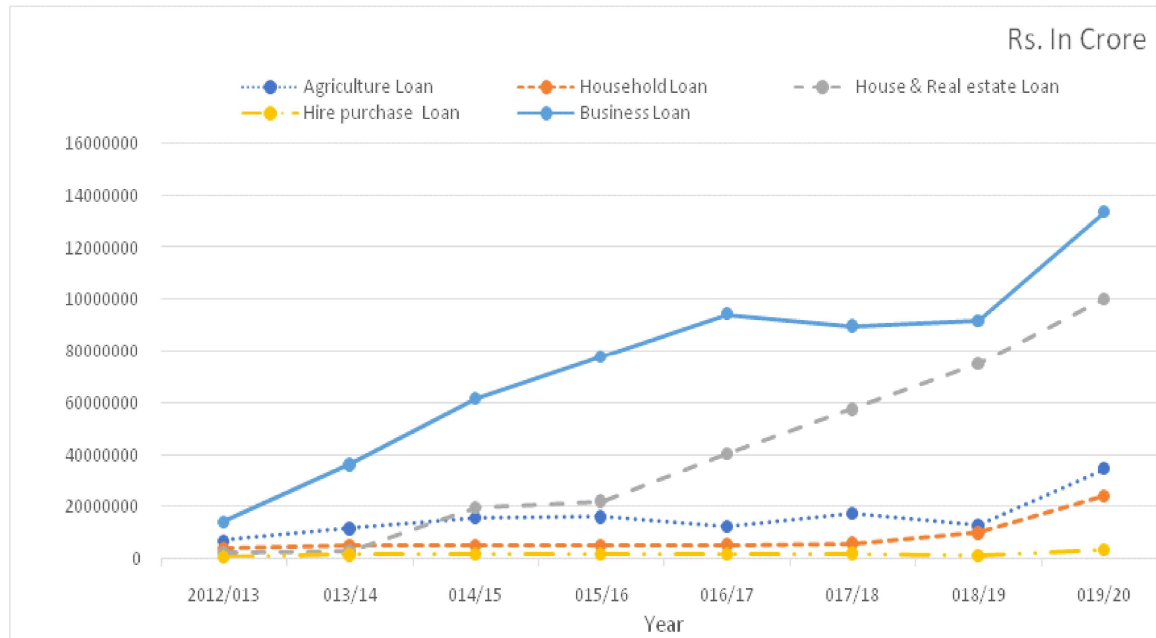
House and Real estate loans refer to immovable property such as land, land, and house or any type of building or infrastructure used for either residential or business or any other purpose. Until recently, investment in the real estate sector is increasing in Nepal due to a lack of alternative investment opportunities. The house and real estate loan was reached its maximum point in the FY 2019/2020 i.e. is increased by 144.4%.

A higher purchase loan is an arrangement for buying expensive consumer goods, where the buyers make an initial down payment and pays the balance plus interest in installment. So, with the help of the above-mentioned table, it clearly states that in the fiscal year 2012/ 013 cooperative provides Rs. 905603 for hire purchase loan to its members. From the FY 2013/2014 hire purchase loan has been increased continuously up to FY 2015/2016. The hire purchase loan has reached the point of level in FY 2019/2020 i.e. is 3662919 which is increased by 133.7%.

The cooperative provides household loans for the economic social & personal development of the member. In the FY 2012/013 household loan has increased rapidly from 2012/2018 to 2019/2020.



**Figure-2**



FY2013/2014. The business loan was decreased by 69.65 in FY 2014/015. The cooperative slowly increase the facilities of a business loan to its member for FY 2013 to 2016 continuously. So, the business loan is upward slopping. In the Fiscal Year, 2017/2018 business loans are decreased. So the business loan curve is downward sloping. With the increase in business loans, the business loan is slowly upwards up to 2019/020 as shown by the above figure.

There is a continuous increase in Agriculture loans from FY2012/013 to 013/014 to 014/015 to 015/16 which is Rs. 7336517 to Rs. 11894634 to Rs. 15987324 to Rs. 16207154. So, the curve is slowly upward sloping. In FY 2016/2017 the agriculture loan is 12602621. Thereafter from the FY 2017/018, the loan amount was increased. But In FY 2018/019 the loan amount is decreased. In FY 2019/020 the loan amount reaches 34601634. So the curves slowly upwards from FY 2018/019. The construction of agricultural loan reached a maximum point in the FY 2019/2020 i.e. was increased by 168.7%.

A hire purchase loan is the kind of loan which is provided by the cooperative to its members with a certain percent of interest. So, in the above figure the hire purchase loan was 905603 in 2012/2013. From 2013/2014 to 2015/2016 the hire purchase loan is increasing continuously. So, the hire purchase loan curve is sloping upward. In 2016/017 the hire purchase loan was decreasing Rs. From 1964577 to 1795008 which was (8.63) percent. In FY 2017/2018 it was increased by 25.9% which is Rs 2259915. So the hire purchase loan curve is slowly upward sloping. In 2018/019 the hire purchase loan was decreased by 30.7 percent which is Rs 15674025. The higher purchase loan is highly increased in FY 2019/020 where the loan amount is Rs. 3662919.

The cooperatives also provide household loans to their members. The household loan was continuously increased from FY 2012/013 to 014/015. In FY 015/16 the household loan is decreased. From 016/17 to 019/020, the household loan was rapidly increased.

**Presentation and analysis of the share of credit in Business Sector of Paropakar Saving & Credit Cooperative Ltd.**

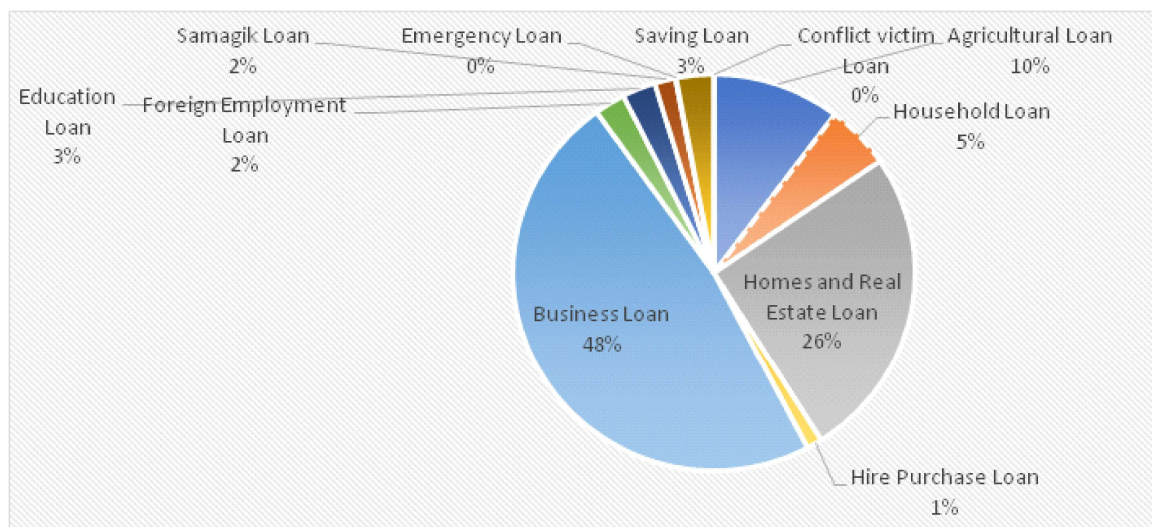
**Table-3**

Types of Credit Loan	Total Credit Amount (8 Years)	Percentage of Share (%)
Agricultural Loan	129075393	10.26
Household Loan	65496262	5.20
Homes and Real Estate Loan	322197580	25.60
Hire Purchase Loan	15746090	1.25
Business Loan	601119455	47.76
Foreign Employment Loan	31283188	2.49
Education Loan	33554156	2.67
Samagik Loan	21121287	1.68
Emergency Loan	923342	0.07
Saving Loan	37795355	3.00
Conflict victim Loan	205000	0.02
Total	1258517108	100

*Source: Annual Report of Paropakar Saving & Credit Cooperative Ltd.*

**Figure-3**

**Analysis of share of credit in the Business sector of Paropakar Saving & Credit Cooperative Ltd.**



*Source: Based on table-3*

The figure-3 shows that in the study area, most of the business loan is provided by the cooperative i.e. is 47.76 percent and the cooperative

provide 25.60 percent of home real estate loan, 10.26 percent of Agriculture loan, and other sector loans are below than 5 percent.

So, it shows that the cooperative mainly focuses on a business loan, home, and real estate loan, and agriculture loan because of uplifting the living standard of people and helps in attending the higher rate of economic growth.

### **Conclusion**

The study was carried on Paropakar Saving & Credit Cooperative Ltd. and it analyzed the investment and credit pattern of the cooperative in the business sector over 8 years. The cooperative has invested its deposited amount in the field of National Cooperative Bank, District Cooperative, District saving and cooperative, NEFSCUN respectively shows that the cooperative has invested its large amount in the field of NEFSCUN and less amount has been invested in another sector such as a national cooperative bank, district saving and credit cooperative association and district cooperative association. The study also shows that the cooperative provides agricultural loans, business loans, household loans, house, and real estate loans, etc.

The study shows that at the early phase of its establishment, the investment pattern of the cooperative is a low amount of investment in the entire field of the business sector. Due to the increase in the saving level of the cooperative, the investment level is increased.

With the help of the financial report of Cooperative, it is also showed that the investment level is slowly increased. The study is analyzed with the help of 8 years of financial statement of Paropakar Saving and Credit Cooperative Ltd. It shows the investment pattern of Paropakar Saving and Credit Cooperative Ltd which is very low as compared with the credit pattern.

The study shows that the cooperative provides different types of credit facilities in different sectors mainly the business, agriculture, household, homes, and real estate, etc. respectively. The Cooperative provides a large number of business

loans to its member as compared with the other sector. It provides a fewer amount of conflict victim loans. At the starting time, there was no victim loan, Emergency Loan and Saving Loan.

The Cooperatives are regarded as the backbone of the economic development of the country. They accumulate the scattered money of the small businessmen, craftsmen, and the general public and mobilize to the needy person of the lower-middle class. It also invests the accumulated money to uplift the standard of living and improved the living standard of people. It helps to eliminate the middle-class people in rural areas and help in the capital formation process. The Co-operatives have the responsibility of providing financial as well as technical assistance to the poor for generating income. Thus, The Cooperative is viewed as an instrument to fill the gap between the haves and have not.

Cooperative play an instrumental role for the economic upliftment of the marginalized people in both developed & developing countries by accumulating the scattered money for investing in the productive sector of the economy. Thus, cooperative has a social and economic impact not only on its members but also on the whole society.

In the study of Paropakar Saving & Credit Cooperative Ltd., the secondary data shows that the investment pattern of cooperatives is in disorder because there is no balanced investment in all the sectors of business. There seems high investment made in NEFSCUN only after that it has invested in the rest of the sector. In another hand, there seems to be a rigid amount of investment made in the field of National Cooperative Bank. So, the investment pattern of Paropakar Saving & Credit Cooperative Ltd. is not good as per the analysis of data over the last 8 years and the flow of investment is weak.

Similarly, the credit pattern of Paropakar Saving & Credit Cooperative Ltd. is overflow. The cooperative provides agriculture loans, household Loans, Homes, and Real estate Loans, Hire purchase loans, business loans, etc. The interest rate of the cooperative is low as compared with other cooperative

organizations. So, it provides a huge amount of business loans to the businessman for the creation of economic activities which ultimately helps to achieve the economic goal of the cooperative.

The study also suggests that cooperatives should reconsider their credit pattern because as it overflows as compared with the investment pattern. If

the Cooperative is failed to collect its principal amount from the borrowers, there should arise the problem of discontinuity and conflict between the credit and investment pattern and should manage the disorder in the investment pattern. The cooperative should invest the money in the productive sector which helps to uplift the living standard of the people and a high rate of economic growth.

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