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Comparative Study of Financial Performance of *Danphe* and *Siddhivinayak* Saving and Credit Cooperatives in Kaski, Nepal

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Abstract

This study compares the financial performance of two saving and credit cooperatives, *Danphe* and *Siddhivinayak*, located in Pokhara Metropolitan. The objective is to analyze their financial performance over five fiscal years, using key financial ratios. The study consists of comprehensive methodology that involves descriptive analysis, financial ratio analysis, include earnings per share, return on investment, return on assets, return on equity, current ratio, and the ratio of debt to equity, and earnings per share. Quantitative method was used to conduct this study. Kaski district has 370 savings and credit cooperatives. However, *Danphe* and *Siddhivinayak* were selected through convenience sampling. The study also investigates factors influencing deposit collection, including membership growth, trust in cooperative management, product variety, and local economic conditions. The findings demonstrate that SACCOs make a significant contribution to enhancing financial access and promoting community development. *Danphe* performed better, with the highest return on equity of 17.81%, return on investment 44%, return on assets of 29.95%, and higher earnings per share, but DEP is not good for either of them. Both cooperatives maintained current ratios above the standard 2:1, reflecting strong liquidity.

Keywords: Deposit, debt-equity, financial ratios, liquidity, profitability.

Introduction

The first Cooperative was formally started on 24 October 1844 when Robert Owen established the "Rochdale Society of Equitable Pioneers" at

Rochdale, England. Then, after going through Germany, Italy, and France, it has developed all over the world. The first credit co-operative of the world was established in 1850, in Germany, by Schulze. In Italy, co-operative Cooperative was established in 1866 by Luzzati. In 1895, the International Co-operative Alliance (ICA) was established to promote good relations and provide support among co-operatives. It serves as an umbrella organization for co-operatives worldwide.

In the Nepalese context, cooperatives began to develop after the establishment of the *Sahakari Bibhag* in 2010 B.S. The *Sahakari Sanstha Ain* was introduced in 2016 B.S., and both the Sajha Sanstha and other earlier structures were dissolved in 2048 B.S. Subsequently, in 2049 B.S., the *Sahakari Niyamawali* was implemented. On Kartik 21, 2049 B.S., the Rastriya Sahakari Bikas Board was established to promote the economic condition of the people and the development of cooperatives in Nepal.

These organizations encourage their members to set aside a portion of their income for future needs by serving as a savings agency. Members of these cooperative societies can obtain loans and find solutions to their issues with the help of their savings. Robotka, (1947) defines a cooperative as a form of organization where persons voluntarily associate together as human beings based on equity for the promotion of their economic interests.

A cooperative is run by its members that provide a variety of development services to its members only. In Nepal, cooperatives have played a significant role in financial inclusion for rural and agricultural people. It is acknowledged as a key component of the three-pillar economy, which consists of the private sector, cooperatives, and the state. Although there are some serious issues in cooperatives, especially in saving and credit cooperatives, such as the requirement for suitable legislation for regulating such cooperatives, effective supervisory and monitoring arrangements, adhering to member-based business activities, setting good governance practices, putting internal control in place, following ethical practices in business, and bridling the temptation to make and distribute undue profit. (Khatiwada, 2014). Cooperatives in Nepal are member-run organizations that help rural and farming communities by offering financial and development services, and they are an important part of the country's economy. However, many saving and credit cooperatives face problems like weak laws, poor management, a lack of ethical practices, and the risk of focusing too much on profit instead of helping their members.

In a comprehensive exploration of financial performance, Uwaramutse et al. (2022) identified pivotal factors, such as liquidity, leverage, the number of employees, total assets, and share capital value, as significant contributors to the measured success in terms of Return on Assets (ROA) and Return on Equity (ROE). Concurrently, Collins and Wanjan (2011) underscored the direct impact of loan evaluation criteria on the performance of savings and credit cooperative societies. Moreover, the assessment of overall profitability by cooperative managers and analysts, focusing on ROE and ROA, serves as a common practice to designate high-performance saving and credit cooperative societies. Beyond immediate financial indicators, the financial performance of a cooperative society is a nuanced reflection of both present decisions and enduring trends and strategies. This study looks at the financial records of Nepalese cooperative societies to understand how well they are doing. Using methods like basic data analysis, financial ratios, and statistical tools such as correlation and regression, it helps spot good or bad financial trends..

Sole trading and partnership are profit-oriented organizations, but co-operatives are different from these organizations. Cooperative is born to avoid the difference between rich and poor people. Because it follows the principle of "One for all, All for one." (Nigri, G.,2018). The role of co-operatives has immensely increased in the Nepalese Financial system as more people are working together to form a cooperative that benefits the depositors. The number of cooperatives has grown in number, highlighting the need for the independent board to be monitored to assess the performance and financial status of these institutions.

This study's main goal is to examine the general state of financial health of Daphe and *Siddhivinayak* Saving and Credit Cooperatives Ltd. The objectives are to assess the strengths and weaknesses of cooperatives by analyzing their financial statements using a comprehensive set of financial ratios, evaluate the overall financial condition and operational performance of the selected cooperatives and conduct a comparative analysis of the financial health of cooperatives based on key financial indicators.

Review Of Literature

Conceptual Review

Financial Ratios

The study employs the following financial ratios to gauge different aspects of financial health:

Current Ratio (CR)

The Current Ratio (CR) is one of the key financial metrics used in this study to assess the short-term financial health of a cooperative. It evaluates the organization's ability to meet its current liabilities using its current assets, thereby serving as an indicator of liquidity. A high current ratio, the current ratio (2016) is computed generally suggests that a cooperative has more than enough assets to cover its short-term liabilities. Ideally, the value should exceed 1, indicating a surplus of current assets over current liabilities. However, the adequacy of this surplus also depends on the cooperative's ability to quickly convert those assets, such as receivables and inventories, into cash. The Current Ratio is calculated using the following formula:

Current ratio = Current Assets / Current Liabilities [Current ratio, 2016]

Debt-Equity Ratio (DER)

According to Debt-Equity Ratio (2017), the debt-equity ratio (DER) is the most widely used leverage ratio to evaluate a company's long-term solvency. The relationship between debt and equity capital, as well as their claim on the company's assets, is demonstrated by this ratio. The debt-to-equity ratio is calculated using the formula below.

Debt to equity (DER) =Total liabilities/ Total Equity [Debt-equity ratio, 2017]

Return on Investment (ROI)

Schmidt (2018) claims that the return

on investment is a popular financial metric used to evaluate the financial impacts of choices and investments. The calculated return on investment is a ratio, or percentage, that compares net returns to net costs. ROI offers a clear and straightforward indicator of the profitability of investments. ROI comes in a variety of forms. Here, we've considered the straightforward ROI. The return on investment is computed using the formula below.

Return on investment (ROI) =Investment Revenue – Investment cost/Investment cost [Return on investment, 2018]

Return on Assets (ROA)

According to Return on Assets ROA (2018), the return on assets ratio, sometimes referred to as the return on total assets, is a profitability ratio that determines the net income produced by all assets over a specific period by comparing net income to the average of all assets. In other words, the return on assets ratio, or ROA, gauges how well a business manages its assets to produce profits over time. The return on assets is calculated using the formula below.

Return on assets (ROA) =Net income / Average Assets [Return on assets, 2018]

Return on Equity (ROE)

According to the 2018 return on equity, or ROE ratio, return on equity (ROE), usually referred to as return on shareholders' equity, is the ratio of a company's net income for a specific year to its average shareholders' equity. It serves as a measure of the capital returns to investors. The ratio of net income to shareholder equity is shown. The return on equity is measured using the formula below:

Return on equity (ROE) = Net profit/ shareholders' equity [Return on equity, 2018]

Earnings per share (EPS)

The market potential ratio, sometimes referred to as the "per share ratio," determines the net income earned per outstanding share of stock, per earnings per share (EPS) (2018). In other words, if all earnings were distributed among all outstanding shares of stock at the end of the year, this is the amount of money that would be given to each of them. The earnings per share is measured using the formula below:

Earnings per share (EPS) = [Net Profit-Preferred dividend] number of shares [Earnings per share, 2018]

The general concept of *Danphe* Saving and Credit Cooperatives Ltd. and *Siddhivinayak* Saving and Credit Cooperatives Ltd., the cooperative concept and its principle, the cooperative's historical background and development in Nepal, its organizational structure and current state, the types of cooperatives, the concept of performance analysis, a description of *Danphe* and *Siddhivinayak*, and theoretical recommendations are all included in this section, Review of a research paper.

Accordingly, Cooperatives in Nepal (2015) reveals that Nepal has a long cultural tradition of informal community-based co-operatives, including savings and credit associations popularly known as dhukuti, and grain savings and labor savings systems known as pharma and dharma Bhakari. Similarly, Guthi provided a forum to work together for smoothly running different socio-cultural practices.

Many of these traditional systems of cooperation are still functioning in the rural areas of Nepal. The concept of co-operatives emerged in the form of Parma in the hilly region, Dharma Bhakari in the western part, and Manka Guthi in Kathmandu valley, run for generations to meet the needs of their members through labor exchange, meeting emergencies, providing loans, and preserving culture, etc.

Dhungana (2017), in his Master of Arts thesis, entitled "Role of Co-operative in Members' Livelihood Development: A Case Study of Shakali Saving & Credit Cooperative Ltd..," mentioned that co-operatives are regarded as one of the most effective and important sectors in rural development. According to this, the formal concept of co-operatives was developed in England. It started in Great Britain to break the broker system between producer and consumer in 1844 A.D. The world's first formally organized co-operative is Rochdel Equitable Pioneer Co-operative Society‖, established with the participation of 28 members with £28 sterling capital. The founders of co-operatives were Robert Owen, Charles Fourier, R.W. Raiffaesen, and Herman Schulze-Delitzsch.

Juma and Maseko (2022), highlighted how the World Council of Credit Unions (WOCCU) plays a key role in monitoring the financial performance of Savings and Credit Cooperative Organizations (SACCOS) around the world. Their study found that interest rates can influence these cooperatives differently depending on the circumstances. They also noted that the most successful SACCOS are those that effectively manage loan defaults, which helps them stay financially stable and perform better overall.

Kadima A. et al (2023) found that prudent and effective credit risk management boosts net profit margins, return on capital invested, and cash flow. Their insights highlight the significant role credit risk management plays in determining microfinance effectiveness, enabling these institutions to improve their financial performance.

Recent studies such as "Cooperative Movement in Nepal: A Contemporary Analysis" by Sharma et al. (2023) and "Impact of Cooperatives on Rural Development in Nepal" by Karki and Shrestha (2022) have further shed light on the evolution, impact, and challenges faced by cooperatives in Nepal. These studies provide valuable insights into how cooperatives contribute to rural development, economic growth, and social stability, while also highlighting the obstacles that need to be addressed to enhance their effectiveness.

Paudel, D. G. P. (2023), in "Financial Risk and Governance Nexus in Nepalese Cooperative Societies," has explored the financial dynamics within Nepalese cooperative societies, revealing the complex interplay of various risk factors and performance indicators. One such study underscores that leverage risk is significantly associated with Return on Equity (ROE) and Net Profit Margin (NPM), while credit default risk shows weaker predictability based on indicators like ROE, Net Interest Margin (NIM), Return on Assets (ROA), and NPM. Additionally, the study highlights the crucial role of NIM in influencing both liquidity and investment risks, emphasizing the need for sound liquidity and investment management practices. These findings collectively point to the importance of strategic financial management in sustaining the profitability and operational stability of cooperatives in Nepal. (Paudel,2023)

Uno et al. (2023) find that internal audit, control activities, communication, and monitoring significantly impact the performance of thrift and credit cooperatives. Their recommendations highlight the importance of internal control in mitigating risks within the cooperative sector.

Pagaddut J. G. (2023) offers a detailed breakdown of various financial ratios, indicating strengths and weaknesses in the performance of Nepalese cooperatives. The deposit liabilities to total assets ratio, external borrowings to total assets ratio, and net surplus to gross revenue ratio demonstrate relative strength. However, the asset efficiency ratio and earnings per share ratio require improvement.

Research Methods

The diverse demographics and economic disparities provide the basis for sampling. For this study, the Kaski District is chosen as the study area. It represents a wide range of cooperatives. The sample size is two cooperatives out of 370 (Department of Cooperatives, 2022), in Kaski, Pokhara. The study utilizes both primary and secondary data to address research related to organizational structure, balance sheet, and profit and loss account. A descriptive research design has been employed, which is appropriate for providing a detailed and factual analysis based on existing data.

The primary data for this study were obtained directly from the annual reports of each cooperative, covering a period of five years from FY 2075/076 to 2079/080 B.S. These reports provided a comprehensive set of financial information essential for the analysis. Key components, including balance sheets, income statements, and cash flow statements, were thoroughly reviewed to extract relevant data. These documents served as the foundational source for evaluating various aspects of the cooperatives' financial health. The collected data were then used to calculate multiple financial ratios that reflect the cooperatives' performance across critical dimensions, specifically liquidity, profitability, and market potential. These metrics allowed for a structured and objective assessment of both cooperatives over the designated time frame.

Results and Discussion

Results

To evaluate the financial health and performance of the two cooperatives, a range of financial ratios were utilized. The gathered data was distilled using descriptive statistical methods, which provided a clear summary of the key indicators. A comparative analysis then highlighted the notable similarities and differences in their financial standing, enabling a more insightful assessment of each cooperative's position.

Liquidity Ratios: The liquidity positions of *Siddhivinayak* and *Danphe* Saving and Credit Cooperatives Ltd. appear to be strong. Both institutions consistently maintained current ratios exceeding the benchmark of 2:1. This indicates that they possess more than twice the amount of current assets relative to their current liabilities. Such a ratio suggests that each cooperative is in a favorable short-term financial position. It implies they are well-equipped to meet their immediate obligations without financial strain, which enhances their credibility and operational resilience.

Profitability Ratios: Both cooperatives showed excellent returns on assets and investments, with the majority of their ratios surpassing 1%. During the four years of operation, *Danphe* had the highest ROE at 17.81%, while the ratio was adequate in the other years.

Market potential ratios: *Danphe*'s EPS was comparatively greater than *Siddhivinayak*'s, which stayed steady and good, indicating superior market possibilities. Each year's good EPS for both cooperatives showed no signs of financial difficulties. The report offers a thorough analysis of the cooperatives' financial health by examining these ratios and pointing out their successes, shortcomings, and areas of strength.

The current ratio (CR)

Table 1

Current Ratio of The Cooperatives

Years	*Danphe*	*Siddhivinayak*
2075/2076	7.130	3.258
2076/2077	4.052	3.950
2077/2078	6.408	8.845
2078/2079	2.540	3.680
2079/2080	2.304	2.909

Source: Annual Report 2079/ 2080

A conventional benchmark used to assess short-term liquidity is the current ratio, with a standard comparison value of 2:1. A current ratio below this threshold is generally viewed as low and often signals potential short-term financial difficulties. The current ratio measures a company's ability to meet its short-term obligations, based on the proportion of current assets to current liabilities. When a company's current assets exceed its current liabilities, it demonstrates financial stability. Conversely, a ratio below 1:1 indicates that liabilities surpass assets, suggesting the company may struggle to meet its obligations as they come due. In the case of Daphe Saving and Credit Cooperatives Ltd. and *Siddhivinayak* Saving and Credit Cooperatives, both maintained a current ratio consistently above 2:1 over the five years analyzed. This indicates that they held a substantial level of current assets compared to their liabilities. As a result, both cooperatives demonstrated strong liquidity and faced no apparent short-term financial challenges.

The Debt-Equity Ratio (DER)

Table 2

Debt Equity Ratio of the Cooperatives

Years	*Danphe*	*Siddhivinayak*
2075/2076	4.404	3.233
2076/2077	4.053	3.254
2077/2078	4.886	3.752
2078/2079	4.875	3.257
2079/2080	4.518	3.164

Source: Annual Report 2079/ 2080

A lower debt-to-equity ratio generally indicates stronger financial stability. Creditors and investors often view companies with high debt-to-equity ratios as riskier, as these figures imply a heavier reliance on debt financing. This can reflect weaker investor confidence and potentially poor past performance. Excessive debt can also hinder a business's ability to meet its financial obligations. Based on the data in Table 2, the debt-to-equity ratios (DER) for both *Danphe* Saving and Credit Cooperative Ltd. and *Siddhivinayak* Saving and Credit Cooperative Ltd. remain relatively high, suggesting less stable financial positions. Notably, the highest DER was 4.886 for *Danphe* in the fiscal year 2078/079. Although high, this figure is part of a gradual downward trend in DER over recent years, which is an encouraging sign of improving financial discipline. A similar pattern is observed in *Siddhivinayak*'s data. In *Danphe*'s case, the DER values during the first four years were lower than in the fifth year, 4.518, yet still within a manageable range. The peak in the third year highlights a period of increased debt utilization, raising short-term financial risk, but also points to a subsequent effort to restore balance in later years. Overall, despite their relatively high DER values, both cooperatives demonstrate improving trends and responsible debt management. This reflects growing equity support and suggests that while there have been periods of financial pressure, there are currently no major concerns regarding their financial health.

The Return on Investment (ROI)

Table 3

Return on Investment of the Cooperatives

Years	*Danphe*	*Siddhivinayak*
2075/2076	0.0400	0.0089
2076/2077	0.0118	0.0076
2077/2078	0.0432	0.0055
2078/2079	0.0373	0.0149
2079/2080	0.0040	0.0215

Source: Annual Report 2079/ 2080

A positive Return on Investment (ROI) is generally considered favorable, as it indicates that earnings remain after the recovery of the initial investment. In other words, a positive ROI reflects that the income generated is sufficient to cover all incurred costs. However, while any positive return is good, higher ROI values are always more desirable. According to Table 3, both cooperatives, *Danphe* and *Siddhivinayak*, demonstrated positive ROI values across the years, signifying that their investments resulted in net gains. Specifically, for *Danphe*, ROI values remained positive throughout all five years. Although the gains were modest, they confirm that the investment produced a net profit, even if the returns were relatively low. *Siddhivinayak* followed a similar trend, with positive ROI in the first and fifth years. This further supports the idea that, while returns did not dramatically exceed costs, the investment still generated profit. On average, the ROI for both cooperatives appears to be comparable. Notably, the highest recorded ROI for each was 5%, observed in their respective first and fifth years.

The Return on Assets (ROA)

Table 4

Return on Assets of the Cooperatives

Years	*Danphe*	*Siddhivinayak*
2075/2076	0.0298	0.0077
2076/2077	0.0085	0.0064
2077/2078	0.0250	0.0035
2078/2079	0.0299	0.0117
2079/2080	0.0030	0.0166

Source: Annual Report 2079/2080

Return on Assets (ROA) is a key financial metric that helps management and investors assess how effectively a company uses its asset base to generate profits. Since the primary function of a company's assets is to drive revenue and income, a higher ROA signals more efficient asset utilization. Generally, positive ROA ratios reflect profitability and an upward trend in earnings. According to Table 4, *Danphe* Saving and Credit Cooperative Ltd. demonstrated consistent profitability over the five years, as indicated by positive ROA values throughout. Notably, it achieved a peak ROA of 29.9%, reflecting strong income generation from its assets and an upward profit trajectory. *Siddhivinayak*, while also posting positive ROA figures during the same period, trailed slightly behind *Danphe* in terms of average performance. When comparing the two cooperatives, *Danphe* outperformed *Siddhivinayak*, with an average ROA over the past five years exceeding 1%. Both cooperatives maintained healthy ROA levels, but *Danphe* stands out for its superior efficiency and profitability, positioning it as a stronger performer in terms of asset returns.

The Return on Equity (ROE)

Table 5

The Cooperatives' of Return on Equity

Years	*Danphe*	*Siddhivinayak*
2075/2076	0.1615	0.0330
2076/2077	0.0535	0.0275
2077/2078	0.1472	0.0170
2078/2079	0.1781	0.0504
2079/2080	0.1094	0.0698

Source: Annual Report 2079/2080

Return on Equity (ROE) is a key profitability indicator that reflects how effectively a company generates income from shareholders' investments. Generally, higher ROE values are preferred, as they demonstrate more efficient capital utilization. However, it is important to interpret ROE within the context of similar industries, as financial structures can vary widely across sectors. According to Table 5, *Danphe* Cooperative exhibited a fluctuating ROE trend over the five years. It began at 16.16% in 2075/76, dropped to 5.35% in 2076/77, then rose through 2077/78 and 2078/79, peaking at 17.81% before declining to 10.94% in 2079/80. This suggests that while *Danphe* maintained profitability throughout, its returns were somewhat inconsistent over time. By contrast, *Siddhivinayak* Cooperative followed a more stable and gradually increasing trajectory. Starting at 3.31% in 2075/76, its ROE saw a slight dip in the next two years, then steadily improved to 6.98% by 2079/80. This smoother upward trend reflects consistent profitability and improved efficiency in converting equity investments into net income. Overall, the five-year performance of both cooperatives is encouraging. The fact that all ROE values are positive means each cooperative successfully generated returns for its shareholders. While *Danphe* achieved higher but more volatile returns, *Siddhivinayak* demonstrated slower yet more stable growth, showcasing two distinct but financially sound strategies.

Earnings per Share (EPS)

Table 6

Earnings per Share of the Cooperatives

Years	*Danphe*	*Siddhivinayak*
2075/2076	10143.47	1734.18
2076/2077	2975.19	1535.66
2077/2078	7682.88	969.14
2078/2079	6492.48	2979.43
2079/2080	5191.87	4300.81

Source: Annual Report 2079/ 2080

Earnings per Share (EPS) is widely regarded as one of the most critical metrics influencing a company's stock price. It reflects the portion of a company's net profit allocated to each outstanding share of common stock. In essence, EPS serves as a direct measure of a company's profitability on a per-share basis. According to Table 6, *Danphe* Saving and Credit Cooperative Ltd. recorded its highest EPS in the first year, with fluctuations over the subsequent years. Although the EPS values varied, they remained positive throughout the period. In contrast, *Siddhivinayak* Saving and Credit Cooperative Ltd. demonstrated less variability in its EPS, showing an increasing trend in the first and third years, followed by a decline in the second and fifth years; however, its EPS also stayed positive. Overall, both cooperatives have maintained positive EPS values, indicating profitability. While *Danphe*'s EPS is generally higher than *Siddhivinayak*'s, *Siddhivinayak*'s performance is still satisfactory. A higher EPS ratio is preferable as it signifies greater profit available for distribution to shareholders. Therefore, *Danphe* has shown a stronger ability to generate and distribute profit per share compared to *Siddhivinayak*.

Discussion

Ratios of Liquidity

The current ratio of Daphe and *Siddhivinayak* Saving and Credit Cooperative Ltd. Is consistently above 2:1, therefore indicating potential short-term financial situation looks good. Both had shown good financial signs, which is good.

Profitability ratios

Danphe Saving and Credit Cooperative Ltd. had high profitability ratios, but *Siddhivinayak* Saving and Credit Cooperative Ltd. had normal profitability ratios that show high returns on assets and investments, with the majority having values exceeding 1%. Daphe Saving and Credit Cooperative has the highest ROE at 6% in the first to fifth years, except the second year, but *Siddhivinayak* Saving and Credit Cooperative Ltd. has more than 1% but less than 6% each year.

Market prospect ratios

With a comparatively greater EPS, Daphe Saving and Credit Cooperative demonstrated better market prospects than *Siddhivinayak* Saving and Credit Cooperative, which remained stable but high. *Danphe* and *Siddhivinayak* Saving and Credit Cooperative had positive EPS throughout the period, indicating sound financial health and the absence of significant financial challenges.

Suggestions for additional focus

Determining ratio variability: *Danphe* had a CR higher than *Siddhivinayak*'s, but the CR indicates that it should be continued.

Long-term Financial Stability: Both cooperatives have had high but steady debt-equity ratios (DER), which suggests they are relying heavily on borrowed money. This can be risky because it means they owe more compared to what they own. However, it might also mean they are using debt wisely to grow their businesses. To better understand their long-term financial health, it would help to look deeper into how they manage their debts and how their capital is structured.

Profitability trends: The good and positive ROIs and ROAs of both Cooperatives, so it seems that both should give continuity to the profit trends of either side.

Sector on comparison: A more accurate evaluation of performance can be obtained by comparing the ROE of cooperatives operating in the same sector. More cooperatives should be included in this study in order to improve the comparison analysis.

Market situation: The need for strong earnings management procedures is shown by the fluctuations in EPS, particularly the positive figures for *Danphe* Saving and Credit Cooperatives Ltd. and *Siddhivinayak* Saving and Credit Cooperative Ltd. in the early years. It is necessary to investigate ways to improve and stabilize profits. The study offers a more thorough and sophisticated assessment of the cooperatives' financial performance by integrating these updates. The critical remarks and recommendations made in the original review are addressed in this thorough analysis, which provides additional practical solutions for enhancing *Siddhivinayak* Saving and Credit Cooperative Ltd.'s financial stability and health.

Conclusion

It is clear from the thorough examination of the financial ratios that *Danphe* and *Siddhivinayak* cooperatives are not having any trouble turning a profit. These cooperatives can generate significant returns on their investments and asset utilization. *Danphe* exhibits some potential with higher financial indicators than *Siddhivinayak*. Better financial management techniques are highlighted by *Danphe* and *Siddhivinayak*'s financial stability, which is demonstrated by its comparatively constant CR and positive profitability ratios for the majority of years. In order to retain its profitability measures and guarantee long-term viability, *Danphe* and *Siddhivinayak* should continue to keep their steady DER. According to the EPS study, *Siddhivinayak*'s capacity to turn a profit is still somewhat lacking, but *Danphe* is comparatively stronger.

Cooperatives must concentrate on preserving their investment plans and operational effectiveness. Their financial health can improve if they continue to practice sound money management. In order to create focused interventions that can promote the financial stability and expansion of cooperatives in Nepal, policymakers and cooperative management should take these observations into account.

This study particularly involved the financial aspects of the Co-operative of Daphe Saving and Credit Cooperative Ltd. and *Siddhivinayak* Saving and Credit Co-operative Limited. It is also trying to examine the impact on overall performance in terms of revenue collections, allocation, profit, and utilization. The study is only concentrated on saving collection, interest rate, and profit. The study-based accuracy of the figures and information annual report. The study analyzes only five years from fiscal 2075/076 to 2079/080 B.S.

Since the data used in this study is at the micro level, a similar study could be conducted at the macro level to assess socioeconomic development and the potential effects of deposit collection on the profitability of SACCOs' credit and saving practices in Kaski District. Although this type of study can be carried out in a large sample size, area, and specific sector in depth, it was carried out in a limited sample, a limited study area, and examined many sectors.

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