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## ROLE OF COOPERATIVES IN CAPACITY BUILDING OF MEMBERS: A CASE OF TANAHUN DISTRICT OF NEPAL

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**Abstract:-** Cooperative movement has taken momentum in Asian country once the enactment of Cooperative Act- 1992 and set once the popularity of cooperative sector as a 3rd pillar of socio-economic development of nation by Interim Constitution of Nepal-2006. Today, cooperative sector has occupied a polar role within the socioeconomic development, particularly in rural Asian country. It had been expected that Cooperatives in Asian country has compete an important role within the capability building of the members. Cooperatives by the character area unit target-hunting by the principle ' Education, data and Training' therefore, it's assumed that cooperatives area unit vital within the capability building of the members. Cooperatives area unit community based mostly legal entities that area unit surpass members for his or her socio-economic betterment in their own initiatives in joint efforts. This study aims to research the role of cooperatives in capability building of the members through the case study of Tanahun district of Asian country. Analysis and findings of this study primarily tries to unveil the role of cooperatives on capability building of the members.

**Keywords:** Cooperatives, Socio-economic betterment, capacity building, Education, Information, Trainings

### INTRODUCTION

According to ICA (1995), "A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through jointly owned and democratically controlled enterprise. Cooperatives are based on the values of self-help, self-responsibility, . In the tradition of their founders, cooperative members

Cooperative movement is neither a new concept nor a new phenomenon. If we observe the history of human civilization, we find that the people from the nomadic society to today's digital world unite for the communal work. This unity and cooperation of people can be defined as cooperative movement. However, the Rochdale Society of Equitable Pioneer, founded in 1844 A.D. was the first modern cooperative of the world. In the context of Nepal, traditional form of cooperation was practiced since the time was immemorial. Parma, Guthi, Dhukuri etc are the some forms of cooperation in the prior era of Nepal. The modern form of cooperatives emerged in Nepal after the establishment of Department of Cooperatives under the Ministry of Agriculture for Planning and

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Development in 1953. Modern cooperative was legally initiated in Nepal as 'Bakhan Credit Cooperative' in Chitwan district in 1957. Since then, cooperative movement has moved along, every periodic plan of Nepal has given emphasis to the cooperative movement but the significant of cooperatives were not noticed until Cooperative Act- 1992 was enacted. Therefore we can realized that,

Nowadays, cooperatives in Nepal have become economic and social system; the people's needs are met through the mobilization of their limited means and resources themselves. In this regard, cooperatives have proved to be such local institutions, which have direct bearing in the social and economical development of the people at local level.

Today, cooperatives in Nepal have extended its coverage in almost all the socio-economic sphere. Its significance can be mirrored from numbers of cooperatives operating in the country and its coverage in economy. Slowly and gradually cooperative movement is gaining its momentum. In the first eight months of fiscal year 2013/2014, 30,080 cooperatives with 43, 96,444 members are operating in throughout the nation. It has been estimated that the contribution of cooperative sectors has been remained 3 percent in Gross Domestic Product (GDP) of the country and almost 18 percent in the financial sector. The number of cooperatives grew by 209.46 percent, membership by 248.99 percent, capital by 3253.94 percent, net saving by 718.41 percent and net investment by 5496.94 percent in Fiscal Year 2013/14 as compared to that of Fiscal Year 2006/07 (MoF, 2014).

Cooperative by the principle is, by the members and for the members therefore, it always efforts the members, which makes specially the deprived section of the community to become stronger in the community in social, economical and political aspects. Training, information and education along with opportunities are pivotal in the capacity building and decision-making. Participation and involvement are other parameters, which enhance the capacity of the people. So, the participation and level of understanding of the members on the various aspects of cooperatives were analyzed to crave out the role of cooperatives on enhancing capacity and decision-making power of the members.

#### **CAPACITY BUILDING**

Capacity building can be defined as empowerment, which encompasses the ability, will and skill to initiate, plan, manage, undertake, organize, budget, monitor and evaluate the project activities. Education, information, training and participation are keys for capacity building. According to United Nation Environment Programme (UNEP, 2002), capacity building is holistic enterprise, encompassing multitude activities. It means building abilities, relationship and values that will enable organizations, groups and individuals to improve their performance and achieve their development objectives. It includes strengthening the process, system and rules that influence collective and individual behavior and performance in all development endeavors. It means enhancing people's technical ability and willingness to play a new development role. DFID (2008) defines capacity building is a complex notion. It involves individuals and organizational learning which builds social capital and trust, develops knowledge, skills and attitudes. Capacity building istake control of their lives. It enables people to rediscover their strengths and limitations opportunities to develop their fullest. The process enables people to built self-confidence and self-respect (Smillie, 2001).

Capacity building refers to the process of enabling those living in poverty to develop skills and competencies, knowledge, structures and strengths. So, as to become more strongly involved in community as well as wider societal life and to take greater control of their own lives and that of their communities (Noya et al., 2009).

### **OBJECTIVES OF THE STUDY**

The general objective of the study is to unveil the role of cooperatives in capacity building of members. The specific objectives of the study are as follows;

- I) To examine the members participation on the various activities of cooperatives.
- ii) To evaluate the level of understanding of members on the various aspects of cooperatives.
- iii) To assess the members abilities in the various aspects of cooperatives.

### **SCOPE AND LIMITATION OF THE STUDY**

Cooperative movement has been accelerated in Nepal since some years. It is expected that this movement has vital in the socio-economic development of the members in particular and of the development of nation in general. Notion of capacity building is one of the important components of social transformation and economic development and cooperatives being local initiatives, it is expected that they are imperative technique for the capacity building especially of the members. This study has focused to unveil the role of cooperatives in capacity building of members through the case study of Tanahun district of Nepal.

Capacity building is a broader concept and connotes many more but this study has focused only the three aspects capacity building viz, participation, understanding and abilities of members were studied. Participation of members in various activities of cooperatives, understanding of members on different aspects of cooperatives and abilities of members in various aspects of cooperatives were assessed to examine the role of cooperatives in capacity building of members. Cooperatives are spread all over the nation but this study has concentrated only on the cooperatives of Tanahun district. Therefore, the study does not claim that the findings, conclusions and recommendations are generalized in either case.

### **METHODOLOGY**

#### **RESEARCH DESIGN**

This study is descriptive in nature. The major goal of descriptive research is to describe the events, unveil the phenomenon and situations. Data and information are gathered from the primary sources. Data were collected from the interviews of the respondents. Respondent of the study were the members of the cooperatives. Semi-structured interview scheduled was used to gather the information from the respondents.

#### **SELECTION OF STUDY AREA**

The study area selected is Tanahun district of Nepal. Cooperative movement is alarming in the district since some years and more than 16.0% of the total population of the district is the members of cooperatives. 336 cooperatives of various types with more than 70,000 members are operating in the district (DCOT, 2014). This area has been selected for the study, as no such efforts have been made in the past in this area and very few researches were made on role of cooperatives in the nation too. This study has analyzed the role of cooperatives in capacity building of the members.

#### **SAMPLING DESIGN AND RESPONDENT**

Saving and Credit, Multipurpose and Agriculture and allied cooperatives are dominant cooperatives in term of numbers and memberships in the study area. Therefore, it is expected that these cooperatives had greater influences in the socio- economic development of the members. Thus, these two cooperatives were selected for the study.

In the view of time and resource limits, about 0.30% of the members form the total members of cooperatives i.e., 200 members were randomly selected for the study. While choosing the respondents, the researcher had tried to make inclusive in term of gender, age, caste, occupation and region to make study more precise and impartial. Semi structured interview schedule was applied to acquire the required data and information.

## RESULTS

### Members' Participation in the Various Activities of the Cooperatives

Members' participation in the various activities of cooperatives reflects the members' involvement and leadership characters, which indicates the capacity of the members. Participation is one of the important aspects for the capacity building. Here, members' attendances in annual general meetings, their involvement in election of members in the various committees, their participation in various training offered by cooperatives were assessed.

It is impressive to note that 83.0% members opined that they had participated in the general meeting where as only 17.0% opined they had not participated in annual general meetings of cooperatives. Those who opined that they had attended the meetings were further asked to appraise their attendances, 54.8% said their attendance is regular whereas, 18.1% opined they are irregular and 27.1% said rare. Likewise, those who said that they had not attended any meetings so far were further asked to floor the reason. Majority 61.8% opined that they are not willing to participate likewise, 17.6% said the system did not allow them to participate and remaining other vowed some other reasons.

There are various committees in the cooperatives. Management committee, finance committee, loan committee, education committee etc are the vital committees of the cooperatives and cooperatives being democratic social institution members of these committees were selected based on the principle of democracy. Generally, members of the various committees in cooperatives used to select on the democratic principle of one man one vote basis. So, the participation of the members is crucial for the selection of these members. Majority 88.0% members said that they do participate in the election of the members for the various committees of their cooperatives. Only 17.0% said that they had not participated so far in the election process.

Cooperatives are founded on the principle of 'contribute in educating and training the members. Education and training are the vital components for Here it is very tragic to share that only 47.5% members responded that they have participated in the education and training programme offered by their cooperatives. These groups of respondents further opined that, their cooperatives had given them education and training on skill development, agriculture development, awareness development, entrepreneur development and cooperative management. Larger portion 52.5% members shared that they had not participated in any education and training programme offered by their cooperatives. These groups of members were further asked why not you participated in the education and training programme offered by your cooperatives. Overwhelming majority 88.6% opined that no education and training had been offered by their cooperatives, 5.7% opined they were not informed and remaining 2.4% opined they were not willing to participate and 3.3% opined due to their personal problems.

### UNDERSTANDING OF MEMBERS ON THE VARIOUS ASPECTS OF COOPERATIVES

Members understanding on the various aspects of cooperatives in one had contributes in the capacity building and in other makes cooperative's management accountable and transparent. Here member's knowledge on the various aspects such as objectives and constitution of cooperatives, duties and responsibilities of cooperative's members and understanding about the current capital has been assessed.

Only 17.0% members opined that their understanding on objectives and constitution of cooperative is well or very well whereas, 51.0% opined that they have little knowledge and 32.0% opined their knowledge is nil. Similarly, 10.0% members said their knowledge on the duties and responsibility of cooperative member is nil whereas, 31.5% said they have little knowledge on it and 34.5% said their knowledge is well or very well. Likewise, 48.0% members shared that their knowledge regarding the current capital of cooperatives is nil whereas, 20.5% share they have little knowledge about it and 31.0% shared their knowledge regarding same is well or very well.



### **MEMBERS ABILITIES IN THE VARIOUS ASPECTS OF COOPERATIVES**

Abilities of members in the various aspects such as understanding the cooperatives, ability to plan and approve the annual programmes and budgets of cooperatives, ability to evaluate the executed activities of cooperatives have been assessed here. Primary objective of assessment of these aspects of the members is to evaluate the members' capacity in these aspects. Abilities of members on these very aspects mirrored the capacity of members.

70.0% members of cooperatives opined that they understand what cooperative meant and only 30.0% were unaware about the cooperatives. Those who opined that they are not aware about cooperatives further said that they joined cooperatives because their neighbors had joined it. Those who opined that they have understanding about cooperative were also asked to level their understanding. 80.0% of them said that their understanding is good or very good where as 5.0% said little and 15.0% said very little.

Likewise, ability of members to plan and approve the annual programmes and budget of cooperative is poor. Statistically, 54.0% opined that their ability is poor where as 12.0% opined little and 34.0% opined their ability is well or very well. Similarly, the ability of members in evaluating the executed activities of cooperatives is also poor. Larger portion, 52.0% members said poor whereas, 6.0% said little and 42.0% said their knowledge is well or very well.

### **DISCUSSIONS**

The study shows that the members' participation in the cooperatives is good but their understanding and abilities in the various aspects and activities of cooperatives are not satisfactory. Members' participation in the various aspects of cooperative and their understanding on various aspects and activities of cooperatives is crucial for the capacity building of the members. It was expected that the members' capacity will be enhanced after being cooperators. Here, member's participation in meetings and election process of the members' of various committees is impressive. This indicates that members' capacity regarding the involvement in the decision making is quite notable. This reflects that cooperatives are instrumental at local level in liberating and facilitating the members to participate in the community work. This may enhance the leadership quality among the members. Cooperatives being democratic institutions every procedures of election of the member will held accordingly to democratic practices which may facilitate members to familiar with the democratic practices. That may result the members involvement in the local level politics and even in national level. Thus from the participation point of view cooperatives are instrumental in political capacity building of the members.

On the contrary, cooperatives as supposed, they were not found effective in the educating, informing and training to their members. Actually, education, information and training are the vital techniques as well as tools for the capacity building of the members. However, only 47.5% of the members opined that they have participated in the education and training programme offered by their cooperatives. It is tragic to note that 52.5% members had not attended any education and training programme offered by their cooperatives. Again its more serious to note that among them 88.6% opined that there cooperatives have not organized any training and education for them so far. So, if cooperatives really wish to develop as the local institution of capacity building of the members, cooperatives should prioritize the education and training for the members. Education and training to members enhances social transformation and economic prosperity. These two are the prime goal of cooperative movement.

Members' understanding on the different aspects of cooperatives is also not satisfactory. Statistically speaking, 51.0% and 32.0% Members understanding on the objectives and constitution of cooperatives is little and nil respectively. This indicates that members capacity in this aspect is poor. However, the members understanding in their duties and responsibility are satisfactory. Only 10.0% members opined that their knowledge regarding this is nil. Again the situation is not satisfactory regarding the knowledge of members on the financial aspects of cooperatives. Members' interest and consciousness towards the financial aspects of cooperatives should be enhanced by proper channels. It is necessary to make finances aspect of cooperative transparent. Only 31.0% members shared that their knowledge on current capital of cooperative is well or very well.

Abilities of members in the implementation aspects of cooperatives are also disappointing. Abilities of members in these various aspects of cooperatives are essential for the effective functioning of cooperatives and to enhance their capacity. Here, 70.0% members opined that they were known about the cooperatives but only 34.0% opined their ability is very well or well to plan and approve the annual programme and budget of cooperatives. Likewise, 52.0% member vowed that they are poor in evaluating the activities of cooperatives.

However, most of the members who opined that their ability is poor, shared low academic profile is the main reason of their low ability. According to the respondents, after cooperative movement their capacities regarding the various aspects have been improved. They further flooded the optimistic rays that their capacity has been enhanced slowly and gradually.

Hence, this study found that, participation of members in cooperative's activities is progressive but somehow cooperatives contribution in enhancing the understanding and ability of members is not satisfactory. However, the cooperative movement is just accelerating in the district so, it can be expected that in the near future, cooperatives in the study area will leave a significant impact in the capacity building of the members. Cooperatives could be an effective tools and techniques for the capacity building of the members at the local level. Cooperatives should me more focused on the education, information and training sectors. Various trainings and excursion tours to the members should be provided more. Enhancement in the capacity of the members has twin impact of social transformation and economic development of the members.

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