

Measuring the Impact of Credit Unions on Wealth Building of Members: Perspectives from Nepal

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A. Introduction

Nepal has a long cultural tradition of informal community based co-operatives including savings and credit associations popularly known as dhikuti, and grain savings and labour savings systems known as parma 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 first Co-operative Act was enacted by the government in 1960, which was followed by the Agricultural Co-operative Act (Sajha Sahakari). In 1963, the capital of savings and credit cooperative societies was converted into a Cooperative Bank in 1963, and in 1968 it was also converted into the Agricultural Development Bank of Nepal (ADBN). After 5 years the ADBN returned management back to the government and in 1975 the Cooperative Act was amended again.

Beginning in the 1980s a new generation of community based savings and credit groups began to emerge in Nepal. The Cooperative Act was amended for the third time to give the Government more control. By this time the Savings and Credit movement had spread throughout the country and the need for an apex coordinating body was evident. In August 16, 1988, the Nepal Federation of Savings and Credit Cooperative Unions (NEFSCUN) was formed.

After the restoration of the democratic government enacted the Co-operative Act and the Co-operative Regulations. The new Cooperative Act permitted the establishment of a three tiered co-operative system, and provides a legal base both for the establishment of co-operative societies/unions/federations and application of co-operative values, norms and principles into practice. At present, the Department of Co-operatives is working under the Ministry of Agriculture and Co-operatives.

Today, the Constitution of Nepal has considered the co-operative sector as one of the three pillars for national development. The major types of co-operative societies operating in Nepal are Saving and Credit, Multipurpose, Dairy, Agriculture, Fruits and Vegetables, Bee Keeping, Tea, Coffee, Consumers, Science and Technology, and Energy. It is believed that some 6.5 million people are already affiliated in approximately 34,512 cooperatives and more than 60,517 people are employed directly in Cooperative business.

Successful SACCOS are providing benefits to their communities, creating wealth and helping members to accumulate wealth/assets. SACCOS plays an important role in organization-based economy because they provide the “co-operative advantage”, which means they are attentive to local community and individual needs in a unique way because of their democratic structure and because they operate using a set of principles that stress equity, participation, self-reliance and transparency. This is achieved in part through adherence to the pillars of the co-operative enterprise.

SACCOSs benefit their members and their communities, with the objective of documenting and measuring the impacts of their programs and services on members’ wellbeing, financial stability, wealth-building, skill development, civic engagement, and overall community economic development. We analyzed community impact studies and indicators to identify possible indicators of community impact.

B. Cooperative Principles

Cooperative Principles

Adopted in 1996 by the International Cooperative Alliance

Open, Voluntary Membership	Membership in a cooperative is voluntary and nondiscriminatory.
Democratic Control	Each member receives one vote. This is in contrast to other corporations where the number of shares owned determines voting power.
Member Economic Participation	Members contribute to, and democratically control, the financial resources of their cooperative.
Autonomy & Independence	Cooperatives are independent, self-help organizations controlled by their members.
Continuous Education	Cooperatives provide education on the principles and practices of cooperative business so that members will be good decision makers and so the general public will better understand cooperatives.
Cooperation Among Cooperatives	Cooperatives work together at the local, regional, national and international levels to further economic democracy.
Concern for Community	Cooperatives work for the sustainable development of their communities through policies accepted by their members

C. Role of SACCOS in wealth Creation

Nepal has observed historic 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 however recently promulgated constitution of Nepal has provided special reservation to ensure the 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.

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, we need 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. Nepal is looking forward the evolution of cooperative organizations from this perspective.

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, SACCOS 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. SACCOS have been entrusted to organize the local marginalized, weak, and vulnerable people for their socio-economic empowerment.

Many of the economic and social transformations committed in the election by political parties are yet to be achieved. Lack of development 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 armed 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 SACCOS movement whether we 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

i. Community Involvement

Credit Union (commonly Known as SACCOS in Nepal) main focus is to provide service to its member and engage whole community in CU services. Some illustrative service or action that were carried out by CU are as follows:

- CU provides financial assistance to local clubs/organization/cultural group which helps to create a good bonding among community members
- CU also provides scholarships to various educational institutions for marginalized groups in the society/region/country.
- CU also conduct various sensitization campaign in society to educate them
- CU also provides volunteer for various community activities like sanitation, health activities.
- CU being social entity also raised funds for good cause and provide supports (e.g. Earthquake relief fund, flood relief fund)
- CU does advocacy at various level to improve financial policy and Act (e.g. Lobby for re-drafting of Nepal Cooperative Act)
- Conduct Financial literacy programme at community level.

ii. Economic Development

Member of CU are benefited with various service of CU. The main object of formation of CU is to provide support to its member so that Economic development of individual and community can achieve. CU provides various fund based and non-fund based service to its member so that its member gets benefited. Some of service that help to obtain economic development are listed below:

- Encourage/provide orientation to start new business (provide Skill/Capital/Security of business)
- Provides employment
- Provides counselling service to make business sustainable
- Provides various financial service (saving/Deposit) to member
- Create local market for goods produced by member
- Counselling service to member about product/services of CU

iii. Skill/Knowledge Development:

One of the principle of Cooperative is continuous education. CU are working to provide continuous education/training which is helping to improve skill and knowledge. Some of illustrative list of activities that were carried out by CU are as follows:

- Provides life skill training to member
- Participation on Board through periodic election

iv. CU in poverty reduction:

Basically poor have weakly transferable asset, either in absence of their access or lack of recognition of the asset they have. Poor lack welfare. Relative concept of poverty focuses on the lag of welfare between people, household or other such aspect. Co-operative contributes to poverty reduction in number of ways. These major sectors of co-operative which contribute for poverty reductions are:

- **Asset enhancement:** Asset of the rural poor and urban poor are different. Cooperative enables local asset of poor family to quantitative and qualitative outfit. Rural area lacks both production management and capital for enterprise. Urban areas have diversified enterprises and ideas. They lack capital and distribution channels. Cooperative manages all this differential needs in urban and rural areas and help enhancing the asset.
- **Increase access:** Access to capital, market and quality goods are greatest concern these days. SACCOS are institutional arrangement for generating access to these aspects. They help creating volume of vegetables and milk in rural areas and support distribution of quality goods in urban areas. They give access to capital through daily saving and investments.
- **Strengthening domain of transferability:** Domain of transferability refers to transferring out the asset to command the welfare needed. Cooperative enhances the output and quality of asset and then provides market. The credible and quality products are easily sold in the market. Being a member based and community based business, its social capital and faith generates the transforming of the product to benefits. The equitable distribution of the benefit and equality on business rights also supports the decision making so that the desired aspects of the producer or service generator are reflected.
- **Welfare commanding:** The benefits in the form of service, cash or access are converted to welfare generation. The income, social status and capacity of the household have increased. This increases their ability to grasp the opportunities available locally. This brings the households of the community into progressive cycle of prosperity.

For Example: Farmer has few cow/buffalo at rural areas and produces small amount of vegetables. Individual transportation cost is high. SACCOS collect this small amount and easily transport these goods to market. Sharing of benefits is managed equitably.

Aspect	Poverty causes	Anti-poverty measures Cooperative	Poverty reducing aspects	Cooperative as promoter
Access to asset	Low Access in market, capital and asset	Reduce production marginalization	Enable production functionaries	Production mainstreaming
Venerability	Shocks and disasters	Risk absorbent	Safety net against venerability	Venerability shield
Perceptive poverty	Feel helpless and poor	Give a network and realization	Self-dignity and confidence	Identity and opportunities to value generation
Income	Low income Opportunities	Expose to Income Opportunities	Income generation	Engage in IGA
Social welfare	Social conflicts	Social harmony	Social dynamics	Induce social dynamism

Poverty is multidimensional lagging. Poverty reduction strategy identifies multidimensional approaches for poverty reduction. It has focused on education, health and income generation as foundational measures. Nepal poverty reduction needs enhancements on a) Income b) consumption c) distribution, d) access e) social capital f) financial g) enterprise and financial services. Nepal has sharp division of rural urban areas. Distribution is also sharp and Gini coefficient is also increasing. In spite of huge subsidy and facilities, private sector organizations are not entering in rural areas and government is encouraging to increase the role of private sectors for services and such facilities. In this connection, the rural areas have been marginalized. Rural areas are gorged with poor population. There has been a Search of such a rural community based approaches that can overall fight against multidimensional poverty and also generate a confidence in rural community. SACCOS are contributing to poverty reduction. Recently concluded multi-dimensional poverty indicators also reflects that multidimensional poverty is less compare to the area where CU are active and proving their services.

D. A Case Study of Satisfaction survey and impact Analysis: Janasachetan SACCOS

i. Background and Objectives

SACCOS and Microfinance Institutions have been buzzwords in the developing world since the successes of Grameen Bank, founded by the Nobel Laureate Dr. Mohammad Yunus, became well-known outside of Bangladesh. Many rural areas of Nepal have experienced massive expansion of saving and SACCOS since the mid-2000s that provide micro lending services. Kabre Village Development Committee (VDC) in Dolakha district is an example of a town in rural Nepal that has been noticeably impacted by the boom in SACCOS. According to the Central Bureau of Statistics of Nepal, Kabre VDC's population is about 5,000 and the number of SACCOS serving the VDC is seven. These SACCOS were established in Kabre VDC between twenty and twenty-five years ago, which makes it one of the oldest hubs for SACCOS and microfinance institutions in Dolakha district. The other villages of similar size in the region do not enjoy the same privilege. This makes Kabre VDC an attractive location to study the effectiveness of SACCOS.

reason to study the significance of Janasachetan in the lives of Dolakhali people is its prominence in the region. The organization was established in 1993 under the cooperative Act of 1991. It is a community based cooperative owned and managed by its members. The organization started with 34 members who contributed Rs. 100 each as their initial share capital. Currently, there are over 15,000 members excluding the child savers. The organization's total assets are over Rs. 600 million as of 2073/2074. The organization is recognized for its success in the community and is awarded with the Silver brand of A-one Competitive Choice for Excellence in Service & Soundness (ACCESS) branding from the Association of Asian Confederation of Credit Unions (AACCU).

While the organization has marked high scores on the external evaluations, it is imperative for the organization to hear from their own members about their opinions and evaluations of the services provided by the cooperative. In that regard, the objectives of the survey were twofold: (i) to study the level of satisfaction among its members on the various services and products offered by the cooperative, and (ii) to assess the socio-economic significance of Janasachetan SACCOS in the lives of the members since their association with the cooperative. This analysis is important given the ever increasing membership with the organization and heightened expectations. This would allow the Board of Directors and the Management to identify the strengths and weaknesses of the organization and to maintain the heightened standards.

ii. Survey Method

This report is based on a survey that was completed in May-June 2017. The objectives of the survey were twofold: (i) to study the level of satisfaction among its members on the various services and products offered by the cooperative, and (ii) to assess the socio-economic significance of Janasachetan SACCOS into the lives of the members since their association with the cooperative. To accomplish these objectives, a stratified random sampling approach was used to select a sample of 344 members located in 20 different Village Development Committees (VDC) in Dolakha. Majority of the members in the sample represent Kabre (154), Namdu (58), Mirge (50), and Bhimeshwor municipality (32). Details of the sample representing each VDC are presented in Table 1. It is not surprising to see the largest sample coming from Kabre VDC as it is known for its significance in the historical development of SACCOS in the district. Kabre is home to some of the oldest SACCOS in Dolakha, with seven SACCOS and microfinance institutions (MFIs), exposing its citizens to numerous lending services and savings opportunities. So, this analysis is an opportunity for the concerned parties to realize the socio-economic significance experienced by their members.

Table 1: List of VDCs represented in the sample.

VDC Name	Freq.	Percent	Cum.
KABRE	154	44.61	44.61
NAMDU	58	16.91	61.52
MIRGE	50	14.58	76.09
BHIMESHWOR	32	9.33	85.42
THULOPATAL	11	3.21	88.63
AALAPOT	5	1.46	90.09
CHHAIKAMPAR	5	1.46	91.55
HAWA	5	1.46	93.00
PAWATI	5	1.46	94.46
GAIRIMUDI	4	1.17	95.63
SUNDRAWATI	3	0.87	96.50
SUNKHANI	3	0.87	97.38
SUSMA CHHEMAWATI	2	0.58	97.96
BHEDAPU	1	0.29	98.25
BOCHA	1	0.29	98.54
CHILANKHA	1	0.29	98.83
JHULE	1	0.29	99.13
KATAKUTI	1	0.29	99.42
MABE	1	0.29	99.71
PHAKUMBA	1	0.29	100.00
Total	344	100.00	

While the current membership with the cooperative is over 15,000 (excluding the child savers), the survey population consisted of the 10,773 members with Janasachetan until the end of fiscal year 2072/2073. These members come from 48 different VDCs. For the survey purpose, we considered 2023 members who have active loan accounts with Janasachetan SACCOS. However, 12 of these VDCs have less than 10 members and are ignored. The final sample represents members from 20 different VDCs that have borrowed loan under 17 different headings: the largest being the home loan. The final sample was drawn using the stratified sampling method with a 17 percent representation of the population with each loan title. Details of the existing loan titles are presented in Table 2.

Table 2: List of Existing Loan Titles in the Books (Strata)

Loan Type	Freq.	Percent	Cum.
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Home Loan	90	26.16	26.16
Land Purchase Loan	84	24.42	50.58
Livestock Loan	49	14.24	64.83
Quick Loan	40	11.63	76.45
Business Loan	39	11.34	87.79
Appliance Loan	10	2.91	90.70
Agriculture Loan	7	2.03	92.73
Emergency Loan	5	1.45	94.19
Foreign Employment Loan	5	1.45	95.64
Hirepurchase Loan	4	1.16	96.80
Industrial Loan	4	1.16	97.97
Education Loan	3	0.87	98.84
Relief Loan	2	0.58	99.42
Service Business Loan	1	0.29	99.71
Social Loan	1	0.29	100.00
-----+-----			
Total	344	100.00	

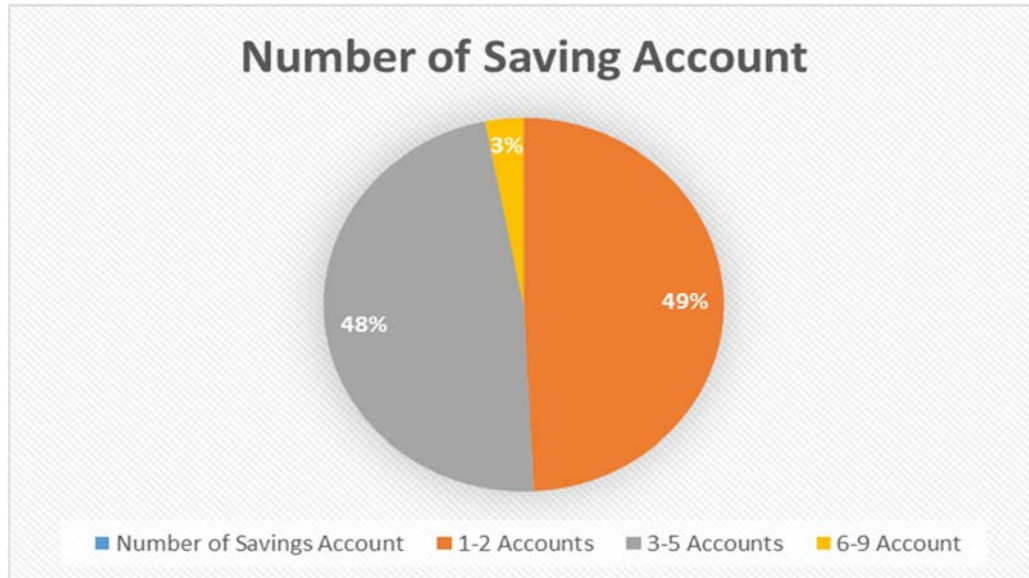
At the end of the survey period, there were 325 responses that were complete and valid for the satisfaction and impact analysis. The enumerators utilized a comprehensive survey to obtain a holistic perspective of the impact of the credit cooperative on the member's socio-economic aspects. The questions were divided into ten parts in an effort to collect the maximum amount of relevant data. These survey included a wide range from questions from household information to business performance, and from domestic employment market to foreign employment. The next section provides the results associated with each of these sections.

Survey Results:

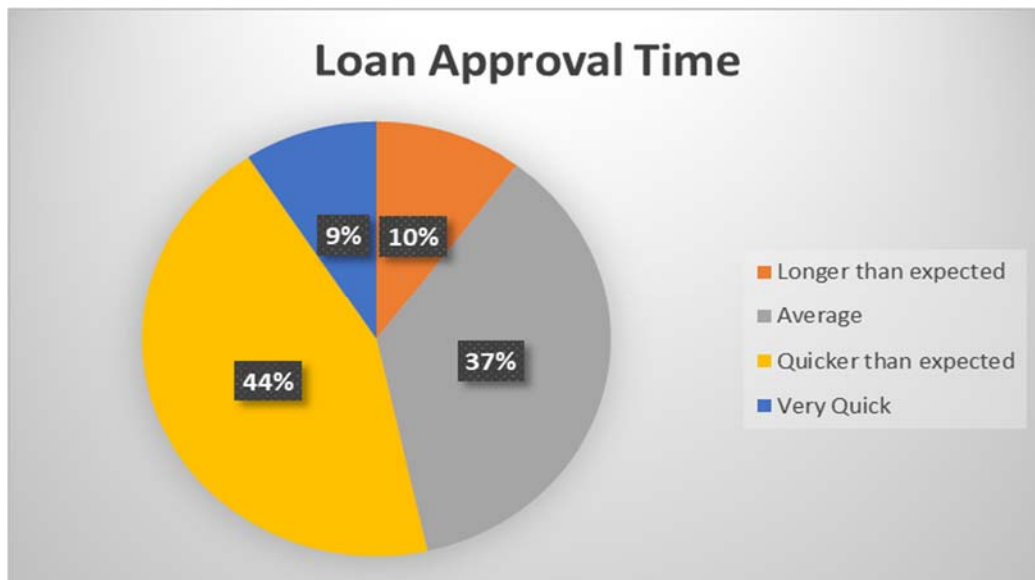
Satisfaction of the Services Provided by Janasachetan:

Members were asked about their level of satisfaction with various services provided by Janasachetan. Below, we present the results in pie charts.

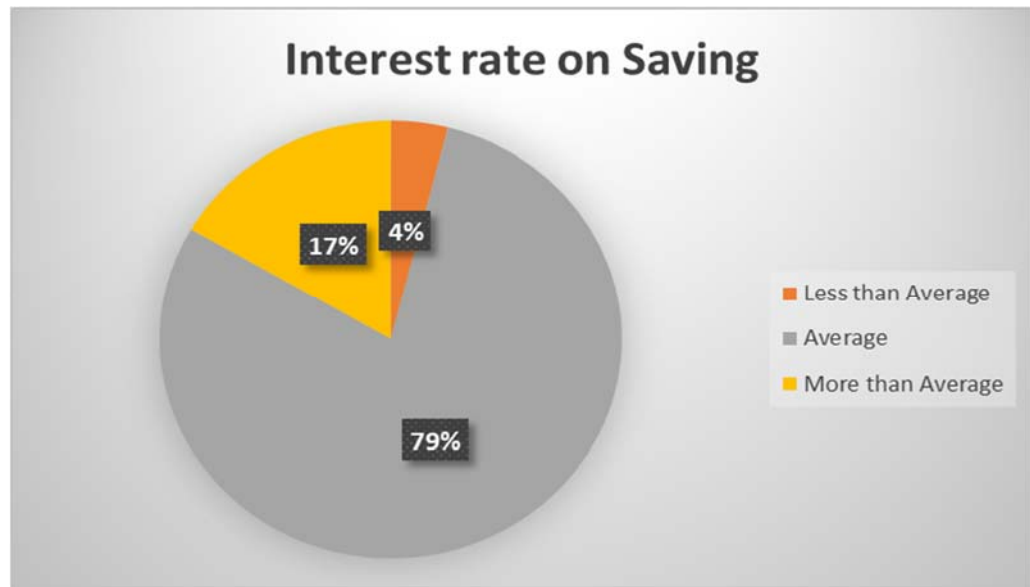
1. . How many savings accounts do you maintain with Janasachetan?



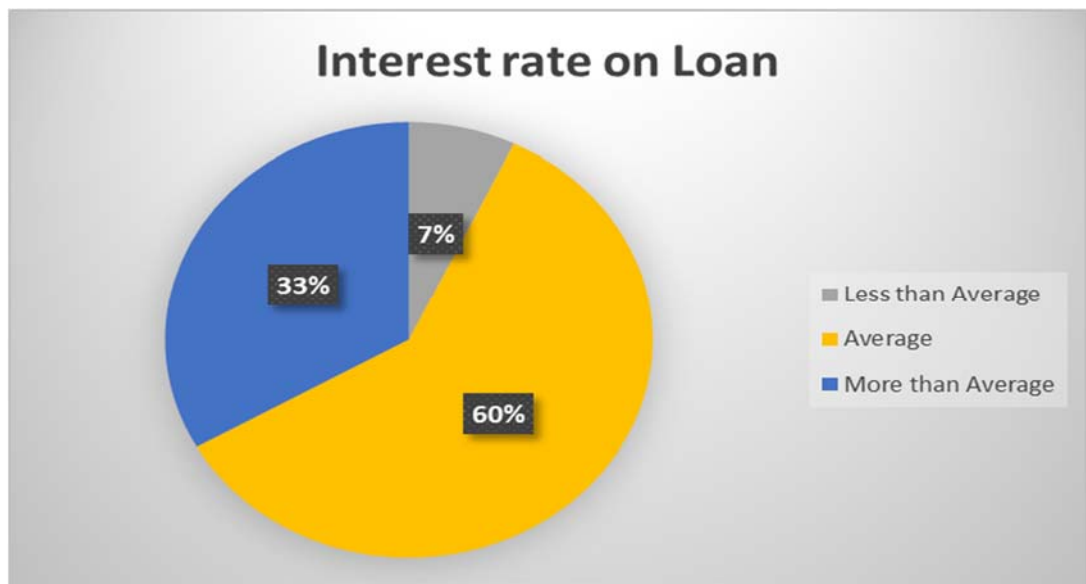
2. How quickly have you received the loan from Janasachetan after you applied for one?



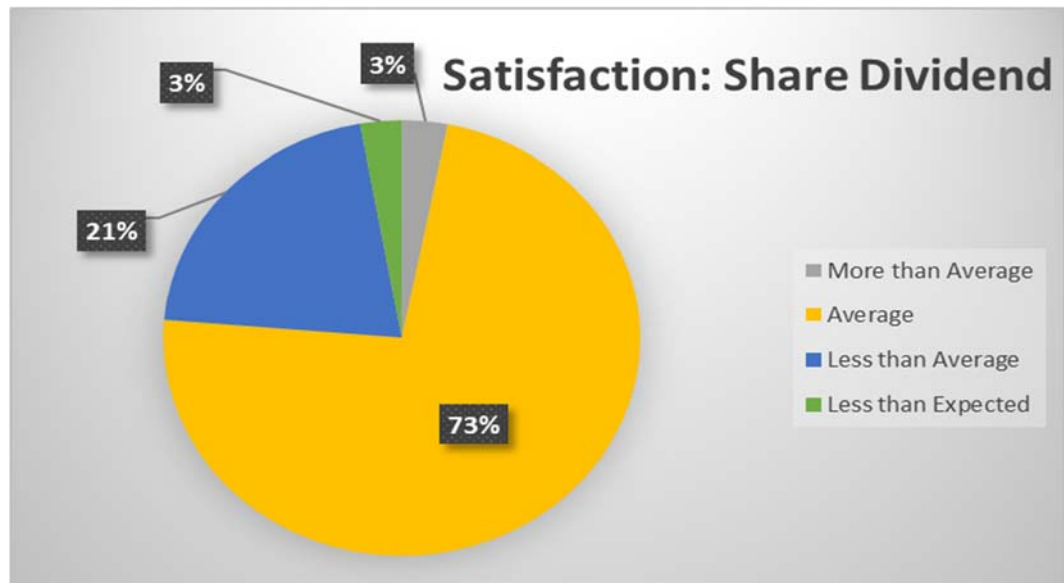
3. How satisfied are you with the interest rate on your savings account?



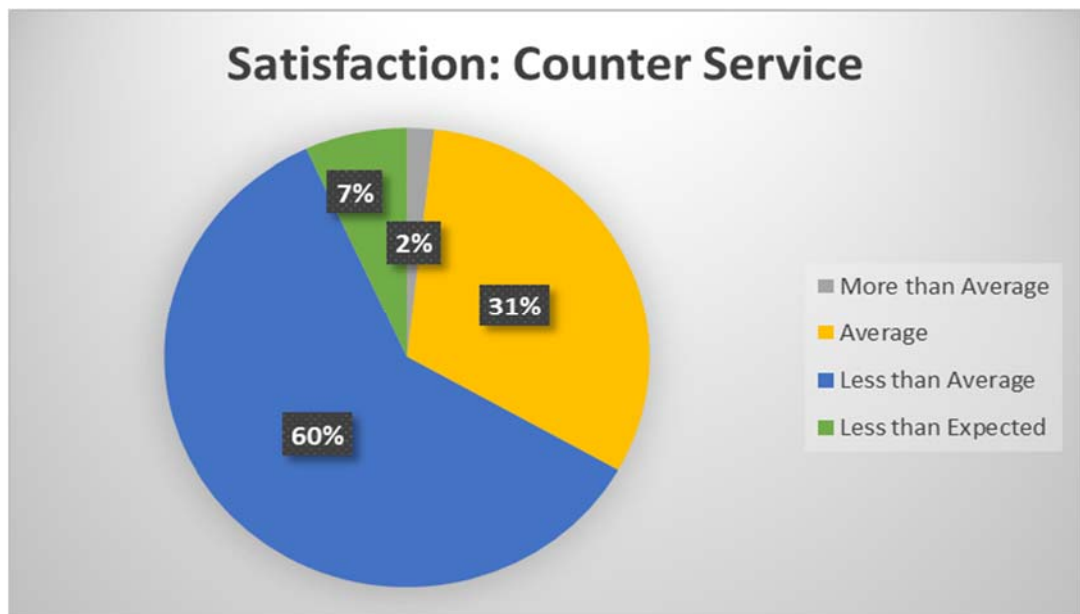
4. How satisfied are you with the interest rate on your loan account?



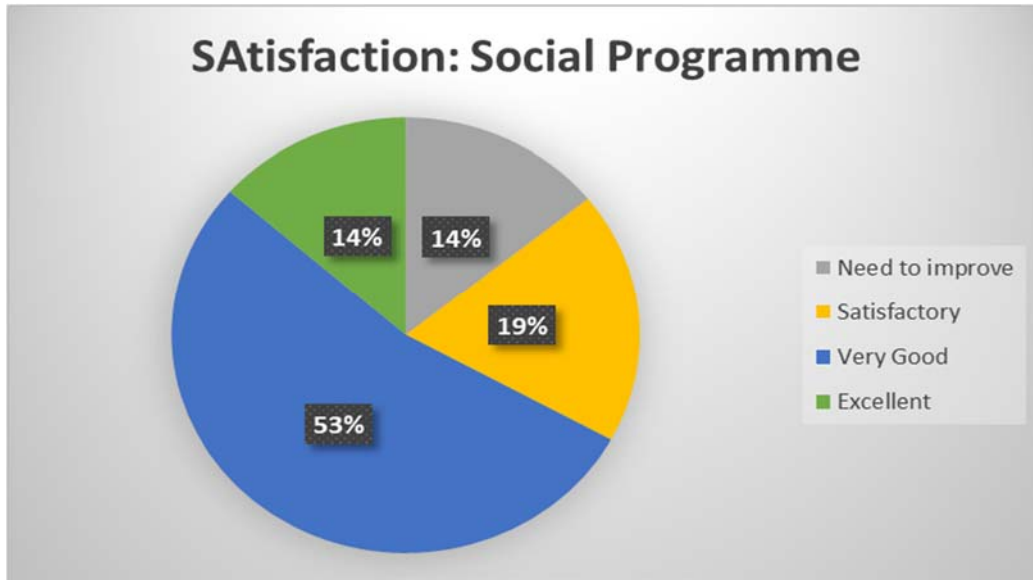
5. How satisfied are you with the dividends on your share?



6. How fast do you think is the counter service at Janasachetan?



7. What do you think about member's security fund, scholarships, training to the members, senior citizen recognition, natural disasters assistance program, etc. that Janasachetan provides?



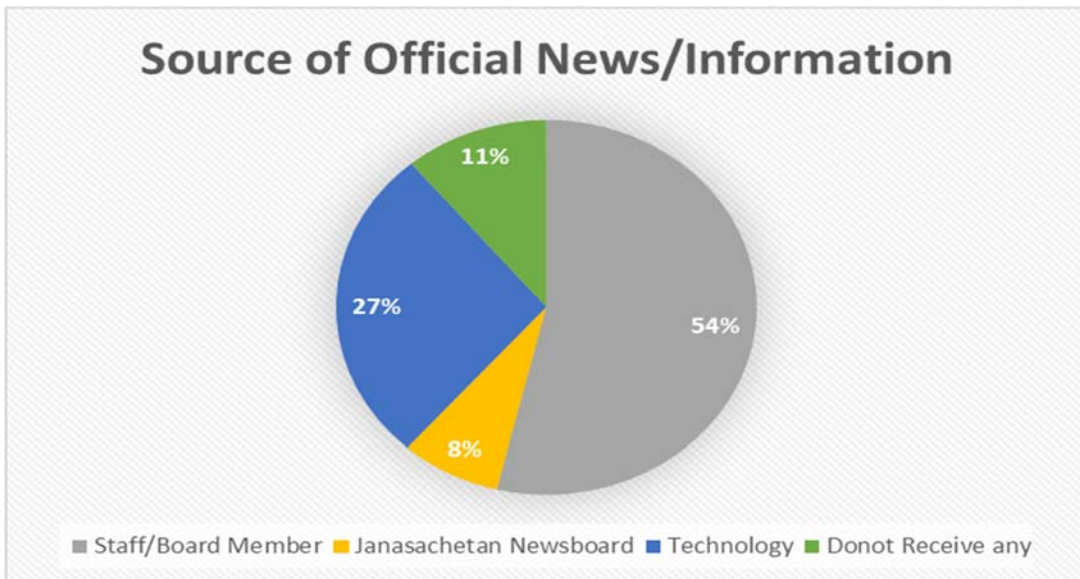
8. How satisfied are you with the behavior of staff members?



9. How satisfied are you with the behavior of board members?



10. How do you receive the regular news and information about Janasachetan?



In addition to the member satisfaction survey, the questionnaire was divided into the following ten sections: household characteristics, loan characteristics, savings characteristics, income and employment information, the member's health practices, educational attainment of their children, foreign employment in the household, the business/employment information, asset information, and their satisfaction level with the services provided by the cooperative. Next, we present the survey results for each of these sections.

A. Household Characteristics:

Appendix A shows the details of sample selection and their household characteristics. Table A.3 in the appendix shows that out of the 325 survey respondents, 189 (58%) are male and 136 (42%) are female. Out of them, 317 (97.54%) are married and 8 (2.46%) are unmarried (See Table 4). Based on the caste groups, 223 (8.62 %) are Brahmin/Chhetri, 61 (18.77%) are Janajati; 40 (12.31) are Dalits, and there is one person representing the Madhesi community (See Table A.5).

The summary statistics for appropriate household characteristics are shown in Table A.6. Average household size in the sample is about 5. The average years of school completed by the borrower is 7.35 and most of them started their membership in the year 2061 B.S. or 2004 A.D.

These household characteristics are consistent with the membership portfolio maintained by Janasachetan and is a representative sample for rural towns in Nepal. Hence, the impact analysis presented later in the report can be used to study the overall impact of SACCOS in the socio-economic aspects of the rural population in Nepal.

B. Loan Characteristics

Appendix B shows a summary of different categories of the first time loan borrowed by the members. The results show starting a business was the main purpose of the first loan (23%) by current active borrowers. The other major categories of loans are emergency (18.46%), land (14.15%), home (13.23%), agriculture (8.31%), and livestock (7.69%). The loan amount ranges from Rs. 700 to Rs. 900,000, controlling for the outliers.

The categories of loan reported by the borrowers are different from what is seen in the current cooperative books. The same pool of borrowers surveyed have existing loan completely for different purpose (see Table 2). The largest category is home loan (26.16%), followed by land (24.42%), livestock (14.24%). The business loan makes up only 11.34% of the existing loans. This shows that the current members' preferences have changed over time. Their priorities are in investing in home and land, probably made possible by the successful use of the loan they borrowed to start their businesses in the first place.

The argument of success brought by the initial loan is supported by the repayment rate as seen on Table 8. The results show that 77.85% of the borrowers were able to repay their initial loan by the specified time. While a few borrowers needed extra time to repay the initial loan, the default rate is only 0.62%. This is an impressive success rate. This is especially significant, as the members seem to have borrowed multiple loans since the initial one. More than 35% of the members borrowed more than 5 times. This is significant, especially, since the initial loan was borrowed on average in 2065 B.S or 2008 A.D.

C. Savings Characteristics

One of the main objectives of Janasachetan SACCOS is to promote regular savings among its members. The cooperative offers over 10 different saving choices, ranging from compulsory monthly savings of Rs. 100 to Child Savings account and Festival Savings account. Member were

asked about their savings behavior on a regular basis. The results show that all 325 members maintain the compulsory Rs. 100 monthly savings. 50 members maintain a daily savings account, with average daily savings of Rs. 488.40. Even more positive, 77 or (23.69%) of the members maintain an optional savings account with average savings of Rs. 30,372.66 (see Table C.1). This shows that the cooperative is providing the role of financial intermediary in the absence of other commercial banks in the area.

D. Employment and Income Information

One of the other goals of this survey was to assess the direct impact of the loans on the member's employment and income before and after their membership with the cooperative. The reason to believe on such a change is the access to finances after becoming a member with the cooperative. The results show 46.46% of members being employed in the agriculture sector before their membership, however this goes down to 34.77% after they become member (see Tables 12 and 13). From Table 14, it appears that 154 out of 325 members have changed their jobs since they received their membership with the cooperative. A large percentage of people changed their occupation to shop/convenient stores and service jobs after the membership. This explains why large number of borrowers reported business loan to be their current existing loan. While these job switches are important for a healthy labor market in the rural areas, the remaining 171 members kept their occupation same as before the membership. This signals a stability of existing in the occupation in the area. Mainly, those who did not change their jobs after the membership come from agriculture (54.97%), and shop/convenient stores (14.62%).

Survey results pertaining to member's income are reported on Tables 16, 17, and 18. The results show that 188 out of 325 members (57.85%) reported an increase in income after their membership with the cooperative while 102 (33.38%) reported no change in income. The remaining 35 members (10.78%) reported a decrease in income. The largest percent of members reporting an increase in income come from shop/convenient store, the largest group of members reporting no change in income come from the agriculture sector, and those reporting a decrease in income after the memberships come from mixed occupations.

The increase in income in the business category explains why majority of members with existing loan wanted to borrow and invest that in their business.

E. Health Practices

The survey aimed to analyze the health practices of its members before and after their membership with Janasachetan. Mainly, we wanted to know if members have developed a sense of awareness about health insurance. The results show that there were only 14 (4.31%) members with health insurance before they had the membership but this number increase to 62 (19.08%) after the membership.

Similarly, since majority of the members come from rural parts of the district, we wanted to know if there is any change in the frequency of hospital visit by the members. While there is no direct connection between the membership and hospital visit, the increase in income of the majority of members could improve affordability and urge the members to seek medical help in cases they would not otherwise. As expected, the number of members visiting a hospital 5 or more times a year increased from 50 to 139 after the membership. This shows a change in the attitude of members towards hospital visit. See Appendix E for further details.

F. Educational Attainment of Children

With the increase in income, members are likely to change the educational environment for their kids. This is especially expected as the perception of private schools is seen to be better than that of public education in the context of Nepal. Some parents in the urban areas spend even beyond

their regular incomes and take loans from financial institutions to send their kids to private schools to ensure higher income jobs.

Not surprisingly, the number of families with their kids in the government schools in their local town has gone down to 113 after the membership from 179 before the membership. While the number of kids going to private school in local town has gone down from 71 to 66, the number of kids going to private school in another city as increase from 16 to 51 (see Table 22 and 23 in Appendix F). Overall, the results show that the number of kids going to government schools have gone down and members are sending their kids to private schools (locally or another city) or to a foreign country.

G. Foreign Employment/Remittance

Unemployment has been a burning issue in the rural areas of Nepal for a long time due to the lack of industrialization that neighboring countries have achieved. Hence, the rural population is attracted for foreign employment in India and in the Middle East. However, the manpower agencies charge a hefty sum of money for a job placement, visa processing fees, travel expenses, etc. So, the foreign employment seekers rely on financial institutions for a loan to cover these expenses. So is true among Janasachetan members as well. Among, the 325 households, 134 (41.23%) reported at least one of the family members being in the foreign employment. Out of them, 84 (62.69%) reported that they borrowed a loan to pay for foreign employment.

So, Janasachetan has been a key leader in promoting foreign employment. The importance of this service lies in the difference between the level of income at home and abroad. The foreign income seems to be much higher than the domestic income and it funnels the much need financial capital needed for rural economy. As can be seen on Appendix G, about 60% of the households participating in foreign employment receive Rs. 30,000 or more on a monthly basis. However, the proportion of people earning Rs. 30,000 or more in the domestic market is only 20% (see Appendix D). This difference explains why so many people choose to go abroad for employment.

This has an important policy implication for SACCOS and other parties that are concerned about generating high income jobs and alleviating poverty in the rural areas. The survey shows that majority of members earning Rs. 30,000 or more are involved in some sort of business. If people can reach at least this mark, they would probably choose to stay home instead of going abroad for labor. However, there need to be enough production at the local level for people to involve in business. This can be made possible by investing more in agriculture, poultry, manufacturing, etc. that generate more employment as well – topic for discussion in the next section.

H. Business Performance (Employment/Revenue)

As the survey results show, starting or expanding a business was the main purpose of the initial loan (23%) by current active borrowers. So, we would like to know how the businesses are doing in terms of generating revenue for their businesses and creating employment opportunities in the region. There are 125 business owners in the sample. Out of them, 78 (62.4%) borrowed a loan to start their business. However, the success on increasing daily revenue and generating extra employment are not statistically significant. This means, the investment is not geared towards addressing the employment generation businesses. They are helping only with self-employment.

I. Asset Information

Based on the current active loan accounts, it can be speculated that the members are borrowing to invest in physical assets such as land and building. So, we wanted to see what assets have been accumulated by the respondents since they became members with Janasachetan. The results are reported in Appendix I. The results showed that 189 (58.15%) of the members bought a new house since they became members. Another 78 (24%) bought a new motorbike and 215 (66.15%) bought a new TV.

Summary of other assets owned by the members show that on average members accumulated 18.78 Aanas of land, 1.92 Tolas of gold and 6 animals per household since they became member with Janasachetan.

Conclusions

The objective of the survey was to assess the significance of Janasachetan SACCOS's services in the lives of its members. To do so, first the survey assessed the level of satisfaction about various products and services provided by the cooperative. For the fifteen satisfaction related questions, members responded very positively. Members seem to be happy with the services and benefits provided by the cooperative. This is highly encouraging for the management to continue and maintain the high standards.

Next, the survey collected information on the household characteristics, loan characteristics, savings characteristics, income and employment information, the member's health practices, educational attainment of their children, foreign employment in the household, the business/employment information, and asset information. Almost all of the members have used multiple credit as well as savings products from the cooperative and they seem to have a significant impact on the members' economic lives. The results show an impressive success among its members due to the initial loan they borrowed. The results show that 77.85% of the borrowers were able to repay their initial loan by the specified time. While a few borrowers needed extra time to repay the initial loan, the default rate is only 0.62%. With respects to savings, the results show that all 325 members maintain the compulsory Rs. 100 monthly savings. 50 members (15.38%) maintain a daily savings account, with average daily savings of Rs. 488.40. Even more positive, 77 or (23.69%) of the members maintain an optional savings account with average savings or Rs. 30,372.66. This shows that the cooperative is providing the role of financial intermediary in the absence of other commercial banks in the area.

Janasachetan SACCOS and its credit/savings services are found to show a positive association on the health, education, income outcomes of its members and their families. They also seem to be positively correlated with the business performance and employment generation. These household characteristics represented in the survey are consistent with the membership portfolio maintained by Janasachetan and is a representative sample for rural towns in Nepal. Hence, we believe that the approach can be used to study the overall impact of SACCOS in the socio-economic aspects of the rural population in Nepal.

Appendix A: Sample Characteristics

Table A.1: List of VDS Represented in the Sample

VDC Name	Freq.	Percent	Cum.
KAVRA	154	44.61	44.61
NAMDU	58	16.91	61.52
MIRGE	50	14.58	76.09
BHIMESHWOR	32	9.33	85.42
THULOPATAL	11	3.21	88.63
AALAPOT	5	1.46	90.09
CHHAIKAMPAR	5	1.46	91.55
HAWA	5	1.46	93.00
PAWATI	5	1.46	94.46
GAIRIMUDI	4	1.17	95.63
SUNDRAWATI	3	0.87	96.50
SUNKHANI	3	0.87	97.38
SUSMA CHHEMAWATI	2	0.58	97.96
BHEDAPU	1	0.29	98.25
BOCHA	1	0.29	98.54
CHILANKHA	1	0.29	98.83
JHULE	1	0.29	99.13
KATAKUTI	1	0.29	99.42
MABE	1	0.29	99.71
PHAKUMBA	1	0.29	100.00
Total	344	100.00	

Table A.2: List of Loan Titles in the Cooperative Records (Strata)

Loan Type	Freq.	Percent	Cum.
Home Loan	90	26.16	26.16
Land Purchase Loan	84	24.42	50.58
Livestock Loan	49	14.24	64.83
Quick Loan	40	11.63	76.45
business Loan	39	11.34	87.79
Appliance Loan	10	2.91	90.70
Agriculture Loan	7	2.03	92.73
Emergency Loan	5	1.45	94.19
Foreign Employment Loan	5	1.45	95.64
Hirepurchase Loan	4	1.16	96.80
Industrial Loan	4	1.16	97.97
Education Loan	3	0.87	98.84
Relief Loan	2	0.58	99.42
Service Business Loan	1	0.29	99.71
Social Loan	1	0.29	100.00
Total	344	100.00	

Table A.3: Distribution of Borrowers by Gender

Gender	Freq.	Percent	Cum.
-----+-----			
Female	136	41.85	41.85
Male	189	58.15	100.00
-----+-----			
Total	325	100.00	

Table A.4: Distribution of Borrowers by Marital Status

	Freq.	Percent	Cum.

Unmarried	8	2.46	2.46
Married	317	97.54	100.00

Total	325	100.00	

Table A.5: Distribution of Borrowers by Caste Groups

Caste Group	Freq.	Percent	Cum.
-----+-----			
Brahmin/Chhetri	223	68.62	68.62
Janajati	61	18.77	87.38
Dalit	40	12.31	99.69
Madhesi	1	0.31	100.00
-----+-----			
Total	325	100.00	

Appendix B: Loan Characteristics

Table B.1: Purpose of the Initial Loan Reported by the Borrowers

Purpose of the Loan	Freq.	Percent	Cum.
Business	75	23.08	23.08
Emergency	60	18.46	41.54
Land	46	14.15	55.69
Home	43	13.23	68.92
Agriculture	27	8.31	77.23
Livestock	25	7.69	84.92
Education	14	4.31	89.23
Quick Loan	14	4.31	93.54
Foreign Employment	13	4.00	97.54
Vehicle/Hirepurchase	6	1.85	99.38
Appliance	2	0.62	100.00
Total	325	100.00	

Table B.2: Duration of Loan Repayment on the Initial Loan

Duration of Repayment	Freq.	Percent	Cum.
Before the specified time	39	12.00	12.00
At the specified time	214	65.85	77.85
After the specified time	23	7.08	84.92
Still Paying	47	14.46	99.38
Defaulted	2	0.62	100.00
Total	325	100.00	

Table B.3: Number of Additional Loans since the Initial One

Additional Loans	Freq.	Percent	Cum.
None	43	13.23	13.23
1 to 2 Loans	94	28.92	42.15
3 to 4 Loans	74	22.77	64.92
More than 4 Loans	114	35.08	100.00
Total	325	100.00	

Appendix C: Savings Characteristics

Table C.1: Summary Statistics of Savings Characteristics

Savings Options	N	Mean	SD	Min	Max
Savings: Daily	50	488.40	562.86	20.00	3000.00
Savings: Monthly	325	467.10	1736.99	100.00	30000.00
Savings: Optional	77	30372.73	63247.66	100.00	400000.00

Appendix D: Employment and Income Information

Table D.1: List of Occupations before Membership

Occupation: Before	Freq.	Percent	Cum.
Agriculture	151	46.46	46.46
Shop/Convenient Store	36	11.08	57.54
Student	35	10.77	68.31
Service	31	9.54	77.85
Other	23	7.08	84.92
Teaching/Govt. Job	20	6.15	91.08
Livestock	9	2.77	93.85
Unemployed	7	2.15	96.00
Manufacturing	5	1.54	97.54
Restaurant/Lodge	4	1.23	98.77
Tailoring/Service	4	1.23	100.00
Total	325	100.00	

Table D.2: List of Occupations after Membership

Occupation: Current	Freq.	Percent	Cum.
Agriculture	113	34.77	34.77
Shop/Convenient Store	71	21.85	56.62
Service	35	10.77	67.38
Teaching/Govt. Job	26	8.00	75.38
Other	26	8.00	83.38
Unemployed	17	5.23	88.62
Livestock	15	4.62	93.23
Tailoring/Service	8	2.46	95.69
Restaurant/Lodge	7	2.15	97.85
Manufacturing	5	1.54	99.38
Student	2	0.62	100.00
Total	325	100.00	

Table D.3: Members that have changed their Jobs to the following

Occupation: Current	Freq.	Percent	Cum.
-----+-----			
Shop/Convenient Store	46	29.87	29.87
Service	22	14.29	44.16
Agriculture	19	12.34	56.49
Other	15	9.74	66.23
Teaching/Govt. Job	14	9.09	75.32
Unemployed	14	9.09	84.42
Livestock	10	6.49	90.91
Restaurant/Lodge	6	3.90	94.81
Tailoring/Service	5	3.25	98.05
Manufacturing	3	1.95	100.00
-----+-----			
Total	154	100.00	

Table D.4: Members that have NOT changed their Jobs after Membership

Occupation: Current	Freq.	Percent	Cum.
-----+-----			
Agriculture	94	54.97	54.97
Shop/Convenient Store	25	14.62	69.59
Service	13	7.60	77.19
Teaching/Govt. Job	12	7.02	84.21
Other	11	6.43	90.64
Livestock	5	2.92	93.57
Tailoring/Service	3	1.75	95.32
Unemployed	3	1.75	97.08
Manufacturing	2	1.17	98.25
Student	2	1.17	99.42
Restaurant/Lodge	1	0.58	100.00
-----+-----			
Total	171	100.00	

Table D.5: Monthly Income BEFORE the Membership

Monthly Income: Before	Freq.	Percent	Cum.
-----	-----		
No Income	58	17.85	17.85
Rs. 1,000 - Rs. 10,000	172	52.92	70.77
Rs. 10,001 - Rs. 20,000	59	18.15	88.92
Rs. 20,001 - Rs. 30,000	20	6.15	95.08
More than Rs. 30,000	16	4.92	100.00
-----	-----		
Total	325	100.00	

Table D.6: Monthly Income: Current

Monthly Income: Current	Freq.	Percent	Cum.
-----	-----		
No Income	26	8.00	8.00
Rs. 1,000 - Rs. 10,000	85	26.15	34.15
Rs. 10,001 - Rs. 20,000	70	21.54	55.69
Rs. 20,001 - Rs. 30,000	79	24.31	80.00
More than Rs. 30,000	65	20.00	100.00
-----	-----		
Total	325	100.00	

Table D.7: Current Monthly Income is MORE than Before Membership

Monthly Income: Current	Freq.	Percent	Cum.
-----	+-----		
Rs. 1,000 - Rs. 10,000	11	5.85	5.85
Rs. 10,001 - Rs. 20,000	49	26.06	31.91
Rs. 20,001 - Rs. 30,000	72	38.30	70.21
More than Rs. 30,000	56	29.79	100.00
-----	+-----		
Total	188	100.00	

Table D.8: Current Monthly Income is SAME as Before Membership

Monthly Income: Current	Freq.	Percent	Cum.
-----	+-----		
No Income	13	12.75	12.75
Rs. 1,000 - Rs. 10,000	64	62.75	75.49
Rs. 10,001 - Rs. 20,000	13	12.75	88.24
Rs. 20,001 - Rs. 30,000	3	2.94	91.18
More than Rs. 30,000	9	8.82	100.00
-----	+-----		
Total	102	100.00	

Table D.9: Current Monthly Income is LESS than Before Membership

Monthly Income: Current	Freq.	Percent	Cum.
-----	+-----		
No Income	13	37.14	37.14
Rs. 1,000 - Rs. 10,000	10	28.57	65.71
Rs. 10,001 - Rs. 20,000	8	22.86	88.57
Rs. 20,001 - Rs. 30,000	4	11.43	100.00
-----	+-----		
Total	35	100.00	

Appendix E: Health Practices

Table E.1: Members with health insurance BEFORE becoming a member.

Options	Freq.	Percent	Cum.
-----+-----			
No	311	95.69	95.69
Yes	14	4.31	100.00
-----+-----			
Total	325	100.00	

Table E.2: Members with health insurance AFTER becoming a member.

Options	Freq.	Percent	Cum.
-----+-----			
No	263	80.92	80.92
Yes	62	19.08	100.00
-----+-----			
Total	325	100.00	

Table E.3: Frequency of Hospital Visit: BEFORE Membership

Frequency	Freq.	Percent	Cum.
- +-----			
1 Time a Year	57	17.54	17.54
2 Times a Year	86	26.46	44.00
3 Times a Year	103	31.69	75.69
4 Times a Year	29	8.92	84.62
5 or More	50	15.38	100.00
- +-----			
Total	325	100.00	

Table E.4: Frequency of Hospital Visit: AFTER Membership

Frequency	Freq.	Percent	Cum.
+-----			
1 Time a Year	36	11.08	11.08
2 Times a Year	39	12.00	23.08
3 Times a Year	83	25.54	48.62
4 Times a Year	28	8.62	57.23
5 or More	139	42.77	100.00

Total	325	100.00	

Appendix F: Educational Attainment of Children

Table F.1: Children's Schooling BEFORE Membership

Schooling: Before Membership	Freq.	Percent	Cum.
-----+-----			
Government School in Local Town	179	63.93	63.93
Private School in Local Town	71	25.36	89.29
Government School in another City	13	4.64	93.93
Private School in another City	16	5.71	99.64
Overseas	1	0.36	100.00
-----+-----			
Total	280	100.00	

Table F.2: Children's Schooling AFTER Membership

Schooling: Current	Freq.	Percent	Cum.
-----+-----			
Government School in Local Town	113	39.37	39.37
Private School in Local Town	66	23.00	62.37
Government School in another City	35	12.20	74.56
Private School in another City	51	17.77	92.33
Overseas	22	7.67	100.00
-----+-----			
Total	287	100.00	

Appendix G: Foreign Employment / Remittance

Table G.1: Family member is/was in Foreign Employment

Foreign Employment	Freq.	Percent	Cum.
-----+-----			
Foreign Employment: No	191	58.77	58.77
Foreign Employment: Yes	134	41.23	100.00
-----+-----			
Total	325	100.00	

Table G.2: Borrowed to Pay for Foreign Employment

Foreign Employment	Freq.	Percent	Cum.
-----+-----			
Foreign Employment Loan: No	50	37.31	37.31
Foreign Employment Loan: Yes	84	62.69	100.00
-----+-----			
Total	134	100.00	

Table G.3: Time Spent Abroad for Foreign Employment

Foreign Employment	Freq.	Percent	Cum.
-----+-----			
Less Than 1 Year	10	7.46	7.46
1-3 Years	66	49.25	56.72
3-5 Years	36	26.87	83.58
More than 5 Years	22	16.42	100.00
-----+-----			
Total	134	100.00	

Table G.4: Monthly Income from Foreign Employment

Foreign Employment	Freq.	Percent	Cum.
-----	+-----		
Rs.10,000-20,000	28	21.05	21.05
Rs.20,001-30,000	26	19.55	40.60
Rs.30,001-40,000	16	12.03	52.63
Rs.40,001-50,000	33	24.81	77.44
More than Rs.50,000	30	22.56	100.00
-----	+-----		
Total	133	100.00	

Appendix H: Business Information

Table H.1: If the members owns a business

Owns a Business	Freq.	Percent	Cum.
-----+-----			
Borrower owns a business: No	200	61.54	61.54
Borrower owns a business: Yes	125	38.46	100.00
-----+-----			
Total	325	100.00	

Table H.2: If the member took a loan to start the business

Business Loan	Freq.	Percent	Cum.
-----+-----			
Borrowed for business: No	47	37.60	37.60
Borrowed for business: Yes	78	62.40	100.00
-----+-----			
Total	125	100.00	

Table H.3: Current business performance

Performance	Freq.	Percent	Cum.
-----+-----			
Below Average	6	4.80	4.80
Average	71	56.80	61.60
Above Average	43	34.40	96.00
Excellent	5	4.00	100.00
-----+-----			
Total	125	100.00	

Table H.4: Daily Revenue: Current

Revenue: Current	Freq.	Percent	Cum.
-----+-----			
Less than Rs. 1,000	40	32.00	32.00
Rs.1,000 - Rs.10,000	66	52.80	84.80
Rs.10,001-20,000	9	7.20	92.00
More than Rs.20,000	10	8.00	100.00
-----+-----			
Total	125	100.00	

Table H.5: Daily Revenue: At the start of the business

Revenue: Starting	Freq.	Percent	Cum.
-----+-----			
Less than Rs. 1,000	53	42.40	42.40
Rs.1,000 - Rs.10,000	54	43.20	85.60
Rs.10,001-20,000	10	8.00	93.60
More than Rs.20,000	8	6.40	100.00
-----+-----			
Total	125	100.00	

Appendix I: Asset Information

Table I.1: Bought New House Since Becoming a Member?

New Asset: House	Freq.	Percent	Cum.
-----	-----		
Bought a New House: No	136	41.85	41.85
Bought a New House: Yes	189	58.15	100.00
-----	-----		
Total	325	100.00	

Table I.2: Bought New Motorbike Since Becoming a Member?

New Asset: Motorbike	Freq.	Percent	Cum.
-----	-----		
Bought a New Bike: No	247	76.00	76.00
Bought a New Bike: Yes	78	24.00	100.00
-----	+-----		
Total	325	100.00	

Table I.3: Bought New TV Since Becoming a Member?

New Asset: TV	Freq.	Percent	Cum.
-----+			
Bought a New TV: No	110	33.85	33.85
Bought a New TV: Yes	215	66.15	100.00
-----+			
Total	325	100.00	

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