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Contribution of Rural Cooperative Institutions to Sustainable Income Generation

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Abstract

This study aims to find how the role of rural cooperatives in the implementation of Income Generating Activities (IGA) helps to improve the livelihood of people living in rural areas. While a number of cooperative programs and activities have been activated, their effectiveness in creating jobs within the neighborhood and local micro credits are still inadequately studied, and hence, there exists a lacuna in the already available body of knowledge. The overall aim of this study is to evaluate the role of the cooperatives in job creation and to evaluate the effect of micro credit on the IGAs in the study area. The survey method of descriptive research design was used and the data presented was obtained from both primary and secondary sources. The total households were 625 with simple random sampling technique of 120 households was taken. Information was gathered using a structured questionnaire with 25 closed-ended questions, participants were given help if needed. It was observed that agriculture is the main livelihood pursued by the members with 66.33% of the population engaged in agricultural pursuits and a satisfactory number of members, 20.67% involved in entrepreneurship and 13% participating in business. To improve economic empowerment and secure sustainable development, however, there is need for further strengthening of the delivery of credit, financial diversification, awareness creation and capital mobilisation/accessibility.

Keywords: *Income-Generating Activities (IGAs), Livelihood Improvement, Local Employment Creation, Microcredit Access, Rural Cooperatives*

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Introduction

This study mainly aims at knowing how cooperative can contribute to enhance the life of the rural community and supply income in the province of Sudurpachhim of Nepal. The journey towards development in Nepal has been long lived and cooperatives are an important part of the development process. They advance and assist people, offer loans, training and market access and organize collective action. Cooperatives are thought to play a vital role in rural development but in-depth analysis in rural areas is still limited. Even in rural households' poverty, employment and financial services are still problems, particularly in the urban areas. Hence, the research study will focus on the study of how a cooperative in the Sudurpaschim Province is helping the rural population to generate income in the form of Income Generating Activities (IGAs). This study is conducted with an urban cooperative located in a village having predominantly smallholder farming, animal husbandry, and seasonal agriculture activities. Many people here do not have formal finance because of their limited education, poverty and geographical isolation. In this context, the role of cooperatives in providing financial and social support through variation loans, organization of training, and providing support to individuals who wish to run small enterprises such as vegetable cultivation, goat raising, poultry and ginger/turmeric cultivation, and retail business can be said to be significant. The study will explore the effectiveness of the role fulfilled by a cooperative. A cooperative is defined as a voluntary group of individuals with limited resources who come together to meet their needs and protect their interests (Acharya, 2010). While organizations generally claim to help rural communities, their efforts may not always reach those they intend to help. Therefore, this study will find the real-life experiences of cooperative members, focusing on how they utilize cooperative services, loans, and support for IGAs, as well as the challenges they face.

Microcredit is one of the most important findings of the research: small sums of money loaned to poor households to enable them to undertake income generating activities. When collateral or a property cannot be established in rural areas, individual citizens often can obtain no loan. Thus, they have to go to informal moneylenders who charge high interest. Another way to avoid this would be to go into a cooperative, in which they'll offer the loan at a lower interest rate, and they'll provide more flexibility in repayment terms. The paper will evaluate how successful micro credit is in rural areas whether it can boost the incomes of the targeted individuals or makes it difficult for them to service and pay back loans. An additional goal of the study is to discover how cooperatives encourage jobs to be created in the community. Labor deficit in Far-Western Province compels youths to move to labor rich countries such as India, the Gulf states, or Malaysia. Cooperatives, if they establish local jobs through agriculture, goat farming and the local economy, can mitigate migration and provide better economic development to the area. As the concept of microcredit gains global popularity, any policy adjustments affecting credit for the poor will inevitably influence remote microcredit operations in developing nations (Swami, 2014). This paper investigates the role of cooperative in creating job opportunities and the nature of the jobs it fosters.

Economic empowerment is also key theme of the research. Rural residents in Nepal are particularly those who are agriculturalists or farmers or are engaged in household activities, but without any recognition or voice. A lot of females rely on their male family members in financial situations. Cooperatives can offer women saving, training and membership opportunities. They may be designed to boost self-confidence, build leadership and expand in group decision making activities. In this paper I will discuss how women can be empowered with cooperative engagement. Moreover, the current research aims to explore the problems which cooperative members find. Despite the cooperation, some problems may continue, e.g., lack of confidence in borrowing loan, loan repayment problems, low literacy, lack of understanding of financial, failing to be attached to productive fields of activities, training programs that are not good. The purpose of this study is to address these issues and provide recommendations for improvement utilizing a cooperative service between the public school and the community. This study seeks to contribute to the understanding of the situation of cooperatives in Nepal, especially in the remote region of Sudurpashchim Province where poverty rate is high and services are scarce. The experience that can be learnt in this region can be useful to policy makers, cooperative leaders, NGOs, development partners, students and researchers alike. The overall aim of this study will be to present an overall picture of the challenges faced by a rural cooperative in the Far-Western Province and how it can help residents improve their economic situation through IGAs. It emphasizes the positive and opportunities for improvement and creates overall progresses the cooperative movement for rural development and economic empowerment in Nepal.

Literature Review

The theoretical perspective on cooperative and income-generating activities, along with experimental studies, encompasses the literature in this area. This research involved consulting various sources including books, academic journals, research reports, policy documents, as well as both published and unpublished data to gain insight into how cooperatives contribute to the livelihoods of rural populations and the impoverished. The concept of cooperation started from the Latin term co-operari, which means to collaborate. As stated by Bista and Bhandari (2013), a cooperative is a distinct type of business where individuals with shared needs unite to achieve a common goal through self-help and mutual aid. It is crucial to highlight that this concept of cooperation relies on shared responsibility, democratic decision-making, and the principles of helping each other. Historically, the evolution of cooperative ideas mainly occurred in the United Kingdom and had strong relation to socialism. Robert Owen, one of the early promoters of cooperative reform, wanted to make a difference for the working and living conditions of the factory people by promoting increased compensation, shorter workday, and housing improvements. His efforts were not wholly successful but had an impact on subsequent cooperative efforts. Amongst, the numerous issues that had arisen in previous attempts, 28 workers known as the Rochdale Pioneers, headed by Dr. William King, discussed concern about selling credit, unhealthy competition and lack of trust amongst members. In 1844, along with others, they formed The Rochdale Equitable Pioneers Society, which is the foundation of the cooperative movement today.

Their framework, based on shared ownership, democratic governance, and fair trading, gained worldwide recognition.

Professor Muhammad Yunus has created an impact that is an unprecedented contribution in the field of microfinance. In 1976 he tried a small bank loan to the poorer people in the village of Jobra and in 1983 he founded Grameen Bank. According to Grameen Bank records, women own the bank, as 94 per cent of the borrows are women. Yunus' work showed that at the levels of common people, readily available financial services enable low-income individuals to save, take loans, and run small businesses. Saving and credit cooperatives (SCCs) are important institutions to help the poor women as they provide financial service for reducing risks, investment on micro enterprise and enhancing their earning. As noted by Ledgerwood (2005), cooperatives provide more than just financial services; they also offer social intermediation, business development, and community support. This assistance addresses structural obstacles prevalent in disadvantaged households, such as poverty, gender inequality, low literacy rates, and isolation. Bennett (2011) further explained that effective microfinance systems necessitate a variety of supporting institutions rather than relying solely on one to deliver all services. In Nepal, the link between microfinance and women's empowerment has been highlighted through empirical studies. Research conducted by the Centre for Microfinance (CMF, 1999; 2000) revealed that women tend to have more control over their savings compared to borrowed money. The study also indicated that factors like ethnicity, marital status, and social norms influence women’s use of loans. Additionally, women participating in mixed-gender cooperatives may have less control over decision-making. CMF concluded that SCCs that are managed by women are more effective in empowering women, as they promote leadership, participation, and easier access to credit.

WB (1975) argued that alleviating poverty also involves enhancing the capacity for transferability. Recognizing assets, improving access to existing resources, and increasing their transferability to enhance welfare are fundamental aspects of poverty alleviation. Numerous traditional cooperation systems continue to thrive in the rural regions of Nepal (Gautam, 2068 B.S). The cooperative culture in Nepal is deeply rooted in historical traditions, including systems like Parma, Dhikuri, Dharma Bhakari, and Guthi (Dahal & Shrestha, 2011). These practices consist of well-established communication networks that rely on voluntary collaboration in agriculture, saving, ceremonies, and crisis support. Modern cooperatives are derived from these customs, although challenges persist.

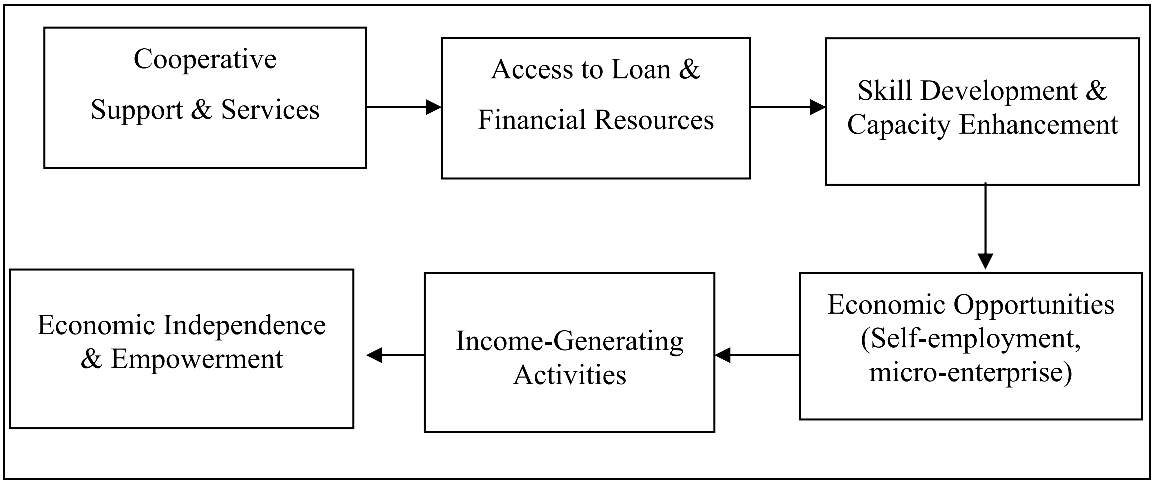
Liu et al. (2023) studied in a rural area of western China to investigate how a rural cooperative helps mall farmer families become less vulnerable to poverty. The study showed that being part of a cooperative helped families earn more money, get better access to markets, and face fewer financial risks. The study found that cooperatives help create steady income in a sustainable way by working together and sharing resources. Chollet et al. (2025) looked at a lot of existing research to understand how well agricultural cooperatives are doing in terms of sustainability. The review showed that cooperatives help the economy stay strong by helping members earn more money, making it easier for them to take part in the market, and supporting jobs in rural areas. This also helps with social and environmental benefits. Ongachi and Belinder (2025) showed how agricultural extension services, usually carried out by cooperative groups, help people in rural areas make more money and have different ways to support their families. The study said that having access to training, information, and support from others helps families make more money and become more able to handle financial problems. Oliveira and Bertolini (2022) reviewed at how cooperatives help support the long-term success of family farms. The study showed that cooperatives help farmers have more say in their dealings, make their income more reliable, give them better access to new tools and techniques, and support long-term growth in rural areas. Pandey (2023) studied a case study from Dang District in Nepal looked at whether rural cooperatives can keep their businesses running without running out of money. The study found that cooperatives help members increase their income by offering savings and loan services, supporting business growth, and creating local investment chances, which helps keep rural areas' economies strong and lasting. Chauguthi et al. (2023) examined in Nepal looked into how cooperatives have affected poverty reduction and the creation of lasting, sustainable incomes in Bhaktapur District. The findings showed that working together increased family income, helped people save money, made it easier to get loans, and improved the general economic situation of the family members. Dhakal et al. (2021) examined how government policies affect the work of agricultural cooperatives in Nepal. The study showed that agricultural cooperatives help farmers by working together to sell their products, getting better access to farming supplies, loans, and by making farming more efficient. This helps farmers make a steady income and reduces poverty.

The problems pointed out by Acharya (2013) are lack of management skills, political bias, and lack of professionalism in the Nepali cooperatives. Cooperative societies were also in place to safeguard farmers from exploitation by landlords and traders, but the success depends on the management of cooperative and openness. According to Mahato (2012) microcredit has gained a worldwide recognition its ability to work effectively helping people in poverty to improve their income and their financial stability. Governments, donor organizations and NGOs have become more aware of and supportive of programs and interventions based on credit for empowering self-employment and income generation, rather than remunerative employment. Overall, the above literature demonstrated that cooperatives are extremely effective on the provision of income generating programs, empowerment and support rural livelihoods; financial and non-financial services and member participation is emphasized. Ghimire (2014) underscore the social, economic, cultural, and psychological barriers to be overcome in a process of poverty reduction. The democratically organized, flexible, participative and community-led nature of cooperatives makes them well suited to economic growth (Gertler, 2001).

Conceptual framework can be used as a orientation in the study, which is carried out to understand, interpret and classify the data that are used in the study. It aids researchers to come up with crucial variables, formulate research questions, and to draw logical relationships between various elements of the research within a favorable theoretical background. The conceptual approach of this research is conceptual framework as follows:

Figure 1

Conceptual framework



Methodology

The method chosen for this research provided a framework that was used to investigate the possibilities of cooperatives supporting Income Generating Activities (IGAs) and improving the rural economy of Nepal. A descriptive research design was used which involved focus on real situation at the field level while considering the role played by cooperative organizations in creating jobs and working with disadvantaged people or communities (IGAs). This method enabled collection of robust information on the current working of cooperatives and the impact of the microcredit on the lives of people. The research was conducted in Sudurpashchim Province focusing on the members of cooperative living in the villages. The total number of shareholders was 625 with a minimum investment of share capital in each shareholder was NPR 5,000. The number of 120 houses used to make a detailed representative sample was studied by simple random sampling using the lottery technique. A multi-source approach was used; both primary and secondary sources were used. Structured questionnaires were used to collect the primary data, unstructured interviews to get qualitative information and observation for the situation and lifestyle of the people in the households. Cooperative office records, government publications, academic journals, and previous research studies were used to collect secondary data. The research that was conducted made use of descriptive and quantitative techniques for analysis. The quantitative data was processed with the aid of computer software for editing, coding, classification and tabulation and qualitative data was analyzed by thematic analysis. This combination of analyses enabled a holistic grasp of the processes and dynamics of IGAs as practiced and promoted by collaborative work, by quick access to microcredit, by skills development through trainings.

Results

In this section, the results obtained from the data analysis were presented.

Table 1

Cooperative Support & Services

Indicators	No of Respondents	Percentage
Access to services	30	25
Training & guidance	24	20
Service quality	10	8.33
Member support	36	30
Information sharing	20	16.67
Total	120	100

Table 1 shows the opinion of 120 people about main impact and influence on them due to cooperative organizations. Member support is identified as one of the key aspects with the highest being for member support with 36 respondents (30 per cent) stating its importance. This indicates that the members of the co-operation community value strongly the support, encouragement and collaboration among the members of the co-operation. However, access to services follows for the second most frequent point mentioned, with 30 people (25 percent) emphasizing that services needed to be easily and reliably accessible both in terms of financial and non-financial services. Further, 24 respondents (20 percent) said they will be trained and guided, again demonstrating that they perceive training and awareness raising and right orientation as means to improve their participation. Furthermore, a total of 20 respondents (16.67 percent) pointed out the sharing of information, underscoring that effective and timely communication is a concern, though it is not as prominent as support and accessibility to services. Only 8.33 percent (10 persons) indicated that they were most concerned with the quality of the services provided. Though it is not talked about much, it continues to be a fundamental element to cooperative success. Over all the results indicate a diverse range of community priorities and support from others along with access to services are especially significant.

Figure 1

Show the Cooperative Support & Services

Figure 1 shows the results of participants' assessment of the importance of different elements in the collaboration experience. The 5 factors are: Accessibility, Training and Support, Quality of services, Assistance from members, and Information exchange. As per the graph, member support was the most cited as one of the key factors with 36 people answering that it was. It is a reminder that the cooperation, support and help from fellow members is most important. Service access is next in importance where 30 answers indicated its importance. This suggests that cooperative services are considered by members as a major priority for good use and for their convenience. Next, training and support are recognized by 24 respondents, indicating that a significant number are still relying on capacity building opportunities and training to improve their involvement. 20 respondents indicated that sharing information is relevant, but not the most important problem. At the far end of the spectrum is service quality with only 10 of the respondents viewing this as their major concern. Overall, the bar chart shows a clear pattern of interest; supportive interactions and ease of access of services is very important to respondents, whereas quality of services is perceived to be relatively less important.

Table 2

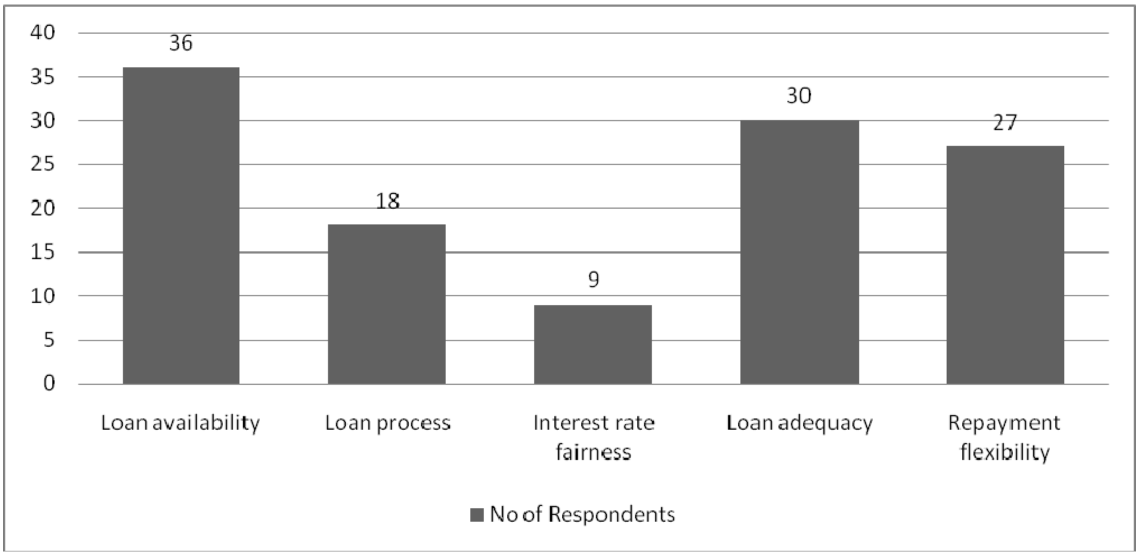
Access to Loan & Financial Resources

Indicators	**No of Respondents**	**Percentage**
Loan availability	36	30
Loan process	18	15
Interest rate fairness	09	7.5
Loan adequacy	30	25
Repayment flexibility	27	22.5
Total	120	100

Table 2 gives the summary level information about the 120 respondents in relation to different factors associated with loan offerings of the cooperatives. Accessibility of loans is cited as the common reason with 36 participants (30 percent) indicating that members do appreciate the opportunity to get loans where they are needed. Loan sufficiency was the second most mentioned factor, with 30 participants (25 percent) selecting it. This is indicative of members' concerns regarding getting a loan, not just a decent sum of money but a substantial amount of money that would be able to meet their financial requirements. Repayment flexibility is second, with 27 participants (22.5 percent) saying many members like the fact that they have flexible and manageable repayment plans as part of the loan services. The number of individuals who responded to the loan application process was 18, or 15 percent, suggesting that the application process is important, but not as significant as accessibility or loan adequacy for most respondents. Finally, 9 participants (7.5 percent) symbolized the issue of fair interest rates. This was not mentioned by many, but it still points to some concerns about the fairness of interest rates. In general, these responses show that three things are critical for cooperative members - loan access, amount of loan, and repayment terms.

Figure 2

Show the Access to Loan & Financial Resources



Figures 2 show that Respondents' perception of various factors pertaining cooperative loan services is depicted in the bar graph. The chart consists of five main elements: loan availability, loan processing, and fairness of interest rates, loan sufficiency and repayment flexibility. The most important concern is loan availability, with 36 respondents noting it is their biggest concern. This suggests that a cooperative member's greatest need is for quick access to loans. Next is loan sufficiency (30 respondents), indicating that the amounts of money that are lent should be related to the financial needs of the members. Repayment flexibility is also important and 27 respondents see the benefit of having more options when it comes to repayment, because they don't want to be in a situation where you feel like you have to pay back. The other finding is that 18 respondents know the loan process, indicating that simple and effective procedures are deemed less important than availability and sufficiency. Interest rate fairness was least talked about with just 9 respondents saying it was a major issue. Even though it's ranked last, some concern remains regarding the fairness of Century Fair and Just Loan Pricing. To summarize, the most important factors for members are access to loan, loan size and loan repayments, ease of procedure and interest rate fairness are less important.

Table 3

Skill Development & Capacity Enhancement

Indicators	**No of Respondents**	**Percent**
Training participation	25	20.83
Training relevance	20	16.67
Capacity enhancement	32	26.66
Practical knowledge	15	12.5
Confidence building	28	23.33
Total	120	100

Table 3 represents the ratings given by 120 people of the topics of cooperatives' training and skill building courses. Skill improving was identified as the most important factor with 32 individuals (26.66 percent) comments that skill improving was the most important factor. This suggests there is a high degree of satisfaction that the training sessions are effective in improving their skills and performance. The second most mentioned aspect is confidence increasing (23.33 percent) with 28 respondents selecting this option. This will be not just providing knowledge but additionally enhancing the members self-confidence in regards to the job and decision making. The second is active involvement in training (20,83%), which emphasizes the need to take an active role in training activities. 20 (16.67 percent) indicated relevance and applicability of the content of the training to work they do day to day. The smallest number of responses, 15 (12.5 percent) were for the benefit of the area of practical knowledge. Due to its low feedback (the lowest for all level 1 categories), it does show the value of hands-on experience. As a general rule, the findings indicated that the highest benefits obtained by the cooperative members are increase in skills and boosted confidence.

Figure 3

Skill Development & Capacity Enhancement

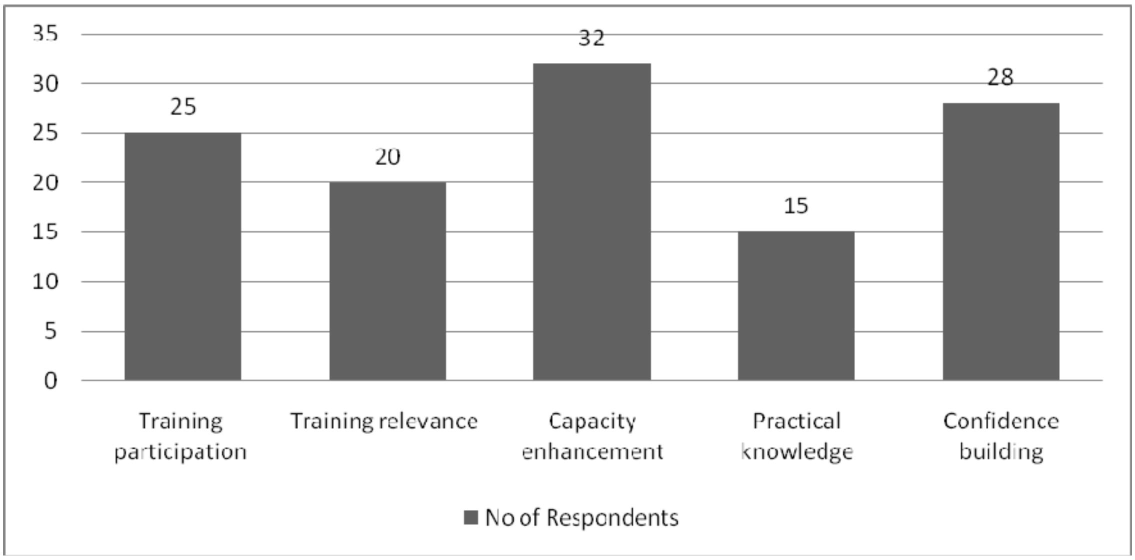


Figure 3 presents ratings given by the respondents on the cooperatives' training program, concerning the different components. It demonstrates 5 key indicators: participation in training, relevance of training, capacity building, practical knowledge and building confidence. According to the data, the most common answers (32) were for the capacity enhancement. This implies that a large number of members think training activities have a significant effect on their skills and ability. Confidence building is the second fastest growing indicator at 28 respondents claiming it is important. This will involve not only technical skills being developed but also the member will gain confidence in the ability to execute the task or make the decision. The third is with respect to training participation, with 25 responses, a number of members value participation in training, and are pro-active in their learning. With the 20 respondents, there was a discussion on relevance of training. While this is less than the best indicators, it is important to note that for many participants, the usefulness and applicability of the training content remain important. Finally, the practical knowledge acquired was the least preferred with only 15 respondents ticking the box. But it's the bottom line and good evidence of the importance of experiential and hands-on learning.

Overall the data indicate that the emphasis of the training is on skills – self-confidence and there isn't that much on applying knowledge or on relevance.

Table 4

Economic Opportunities

Indicators	No. of Respondents	Percent
Self-employment	25	20.83
Micro-enterprise support	18	15
Market access	15	12.5
Business expansion	36	30
Entrepreneurship growth	26	21.66
Total	120	100

Table 4 shows how 120 participants assessed over a range of factors related to self-employment and the entrepreneurial opportunities offered by cooperatives. The most common answer to this question is business expansion (36 AN, 30 per cent). This indicates many members think that co-operation helps their businesses to grow or progress. The second aspect was related to the development of entrepreneurship with a 21.66 percent (26) of the participants. This suggests that a lot of respondents believe that cooperatives have improved their entrepreneurial skills through their impact on creativity, initiative and an entrepreneurial view. Another notable finding is that of those with a 0/100, 25 participants (20.83 percent) are self-employed, further highlighting the co-operatives contribution to catering for a chance to earn a living through working for oneself. With 18 responses representing 15 per cent of the total, micro-enterprise support was also found to be appreciated, but not as highly as business expansion or self-employment. The lowest number of responses came for market access—with 15 (12.5 percent) commenting about it, fewer view it as the primary benefit of a cooperative engagement, but it is one of the advantages that still help bring business to an enterprise. In general, the findings suggest that business development, improvement of entrepreneurial skills and self employment are considered as the most important outcomes of the cooperative programs by the members.

Figure 4

Show the Economic Opportunities

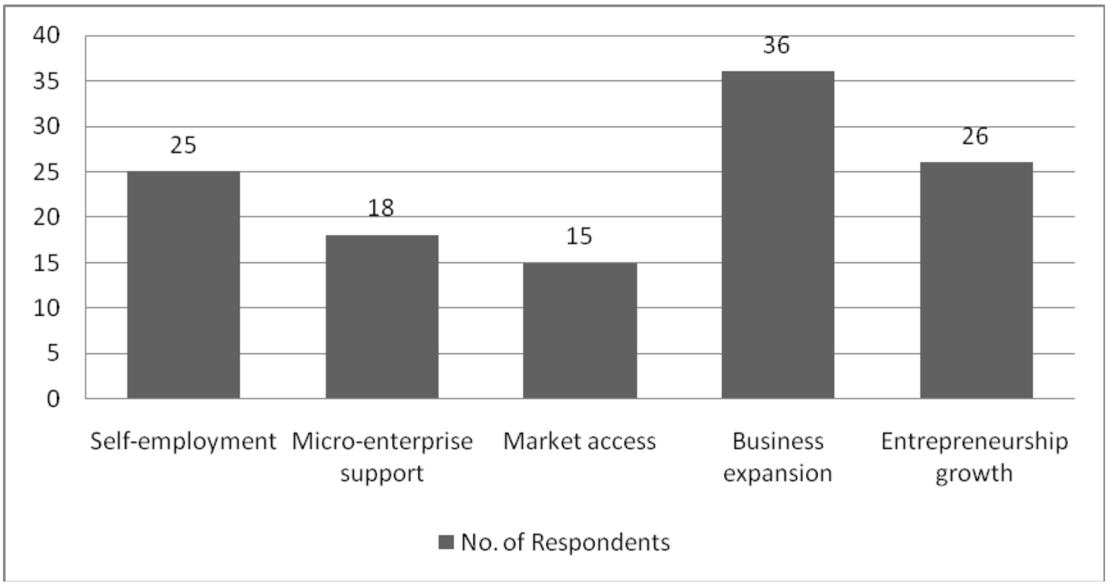


Figure 4 shows the results of the surveys conducted on several topics about the support and development of entrepreneurs. The x-axis provides for five groups: entrepreneurship development, market access, micro enterprise assistance, business growth, and self-employment. The number of participants (0 to 40) is plotted against the vertical axis while the vertical axis shows the length of the participations. The advancement of businesses is perceived as the most important factor by the most people with 36 people saying that it was the most influential factor, the survey results indicate. After this, the number of students who selected the importance of entrepreneurship growth was 26. There were 25 people who identified with 'Self-employment' on the participant count. In contrast, market access was mentioned by the fewest (15), followed by micro enterprise assistance (18). Overall, it appears that the participants consider the growth of existing businesses to be a priority, while access to the market is seen as the least important. The Results indicate that the respondents are more inclined towards improving existing projects, as opposed to supporting start-up companies and companies entering new markets.

Table 5

Income-Generating Activities

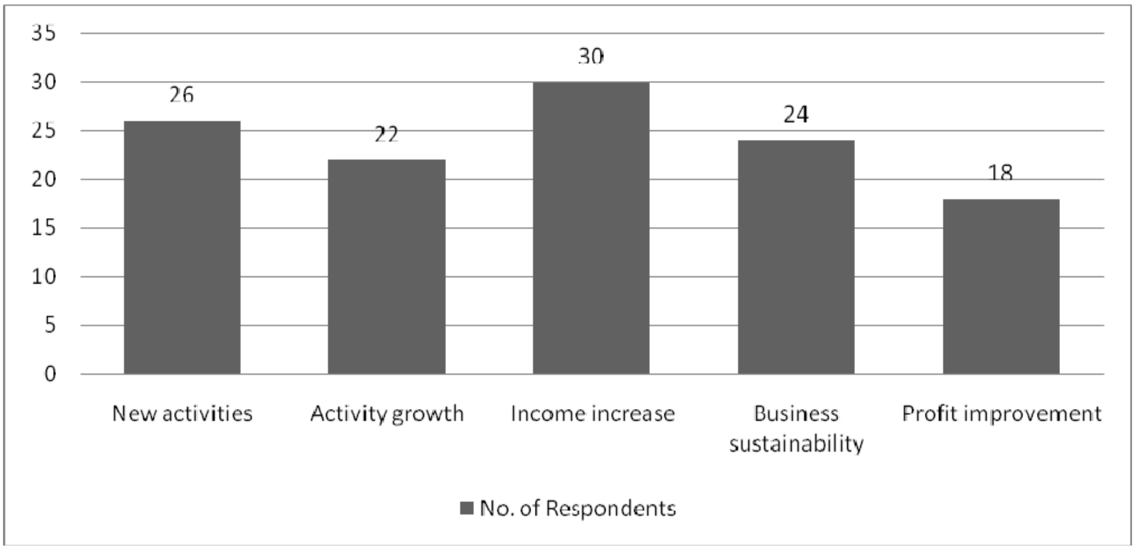
Indicators	**No. of Respondents**	**Percentage**
New activities	26	21.66
Activity growth	22	18.33
Income increase	30	25
Business sustainability	24	20
Profit improvement	18	15
Total	120	100

Table 5 shows that Identifies 5 important factors for business and shows the number of people who selected each factor and the percentage for each of the factors. Income growth was the over choice, although 30 participants (25%) chose it.25 participants (30%) chose for income growth to be the preferred, although this was not the most popular. This basically indicates 25% of the respondents are more interested in the financial gain rather than anything else. The next most selected factor was New activities, with 26 respondents (21.66%) and Business sustainability 24 respondents (20%) respectively selecting them as their next most chosen factor. 22 students (18.33%) was identified by the development of the activities. Only limited interest (18 or 15 percent) came from the few interested in profit enhancement. The overall results confirm the value placed by a majority of the respondents on the short term benefits (improved income), while many respondents value long term benefits like sustainability, new business opportunities and growth of operations. With the highest diversity of responses it is clear there are varying group priorities or contexts.

Figure 5 displays data from an opinion poll on business performance, with bars showing the percentage of people that ticked each box that represents a different aspect. The vertical axis shows the number of responses occurring in groups of five (5) until 35 responses are reached; the horizontal axis represents 5 categories: New activities, Activity growth, Income increase, Business sustainability, Profit improvement. The largest amount of responses were directed to the "Income increase" category (30 respondents), as indicated in the chart.

Figure 5

Show the Income-Generating Activities



The number of responses for the New activities is 26 and for Business sustainability is 24. Profits improvement was chosen by least active participants, the fewest with only 18, while Activity growth was chosen most, with 22. Overall the present chart shows that for the respondents the most important is the increase in income, while the lowest is the improvement of the profit. Variability among the categories shows the different priorities and opinions among the sampled people about some important business success measures.

Table 6

Economic Independence & Empowerment

Indicators	No of Respondents	Percentages
Financial independence	34	28.33
Decision-making power	12	10
Improved living standard	20	16.67
Household contribution	18	15
Social empowerment	36	30
Total	120	100

Table 6 show that results are created by this survey based on various indicators of empowerment or achievement. It illustrates percentages based on the number of respondents (out of 120) who chose each indicator. The findings show that social empowerment is the most preferred option, with 36 respondents (or 30%) having selected this, above the other options. This suggests the samples interviewed are attuned to social status issues. What premiered and followed was not far behind financial independence, with an acceptance from 34 individuals (28.33%), which betters state that for many individuals financial independence is an important factor. All of the other indicators were selected less frequently. Household contribution was ranked as 15% in terms of improvement, with a better living standard prioritized as 16.67%, by 20 people. Among all the measures presented, decision making power was the least correlated (12) items selected, indicating that it was the least important indicator. To summarize, it can be seen that respondents clearly preferred social empowerment and financial independence while the importance of household contribution and decision making was mostly perceived by the respondents as less important.

Figure 6

Show the Economic Independence & Empowerment

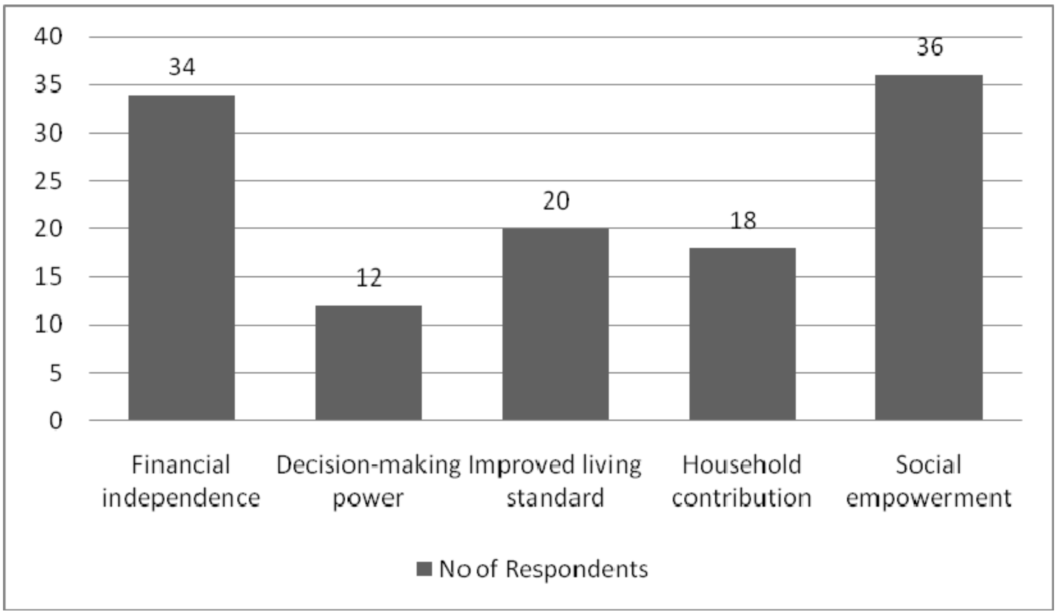


Figure 6 shows the results of the survey with the number of people choosing different indicators of their personal or social outcomes. The graph shows the Number of Respondents. Four of the categories (Financial independence, Decision-making power, improved living standard, and Household contribution) are represented on the horizontal axis as categories, where number of respondents (range 0–40) is plotted on the vertical axis. The five aspects are represented on the horizontal axis as categories, with the numbers of respondents (range 0–40) plotted on the vertical axis. The results indicated that the total chapters of Social empowerment resulted in the highest number of respondents to answer that this is significant, with 36 observers pointing out the importance of this chapter. Closer to home was financial independence selected by 34 who said that in their opinion, the most important part of life was being able to fend for oneself. Better living standards is reported by 20 respondents, and Household contribution by 18. The least popular form of empowerment was mentioned by 12 respondents—decision making. It is interesting that although the issues of social empowerment and financial independence are perceived as most important, the issue of decision-making power does not seem to get the "hearing." This is reflected in the forms of answers that they give to various aspects of empowerment, demonstrating the various views and priorities held by the participants in respect of these elements of empowerment.

Discussion

Results from this study are useful for understanding the role of cooperatives play in Income Generating Activities (IGAs) and providing access to micro credit in order to better economic empowerment in rural areas of Sudurpaschim Province, Nepal. The data shows that cooperatives are increasingly playing a crucial role in rural development, both financially and non-financially, through their support to boost the status of the rural household. This paper builds on previous calls to cooperative models as instruments of collective development and mutual support (Bista & Bhandari, 2013) and stresses that member help, service provision and capacity building efforts play a vital role in cooperatives. Support from members is critical: 30% of the respondents indicated that member support is a critical part, a measure of how tightly bound members are together in the cooperative, an experience prior research has illustrated as important to the success of a cooperative. Access to micro credit continues to lend support to the significance of co-ops and cooperative financial services for rural poor that cannot readily get money from formal financial institutions. 'Loan accessibility' was the prime factor with the majority of the respondents highlighting its significance, thereby emphasizing that it is important to get loans when needed and it must be accessible. This is in line with the opinions of those who place their faith in microfinance, namely Muhammad Yunus who say that small loans can truly make a difference; people can start their IGAs or expand their IGAs with small loans. The strong stock was on "loans" and "flexible terms of reimbursement" suggesting that cooperatives do not just have to offer loans, but loan products need to be created that cover the various financial requirements of their members. The low rate of mention of 'fairness of interest rates' could be interpreted that the interest rates were not properly understood or there was an intention to ignore expenditure to get the loan, which is similar to earlier research by CMF (1999; 2000). Cooperatives' training and capacity building have been critical to development and building of confidence. The greatest benefit was the increase of capacity and confidence levels, and this was in line with Ledgerwood's (2005) argument that cooperatives are more than merely a source of credit, as they also provide a form of training and social intermediation and enterprise development. But with the comparatively light weighting of practical experience, there is scope for doing more in terms of building skills based on local IGAs. In general, the findings of the study showed that cooperatives had positive impacts on rural life including job creation, empowerment of rural people, access to finance and a source of encouragement for organizing small enterprises. However, there was a mention of some challenges that occurred such as inadequate loan coverage of some IGAs (especially in the rural areas) misalignment in training course provided and sometimes difficulties in communications. The problems are similar with Acharya (2010) who found managerial and professional deficiencies of many cooperatives in Nepal. The necessary response to these challenges will be measured through improved governance structures, increased variety of lending products, increased monitoring, and tailored capacities-building efforts. The analysis indicates that cooperatives like SMACLS show great potential to improve sustainable income, but it will require: strengthening of the services and quality of cooperatives, financial innovation and development of member development strategies.

Conclusion

This document indicates that the cooperatives have an important role inside empowering and promoting the income generating activities and to the economic development among the households in Sudurpashchim Province and to provide microfinance. The various functions of cooperatives in promoting the livelihoods and health of the members include giving access to financial support, skills development and community services. Credit, supportive networks, and attractive capacity development programs for individuals to start or expand small businesses are important factors for success. But a number of problems were revealed, including low amounts of loans and not enough practical training, as well as the communication aspects that could prevent the proper use of cooperative programs. These issues can be tackled by strengthening governance practices, creating more effective financial instruments, and provider more effective and practical training. An overall impression from the findings is that, if cooperatives keep adapting themselves according to the expectations and needs of their members who are generally the rural communities, they can have a significant impact on sustainable economic growth.

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