



International  
Labour  
Office



# STATISTICS ON COOPERATIVES

## COUNTRY IN FOCUS: NEPAL<sup>1</sup>

This country in focus note is part of the Statistics on Cooperatives series produced by the International Labour Organization (ILO) and the Committee for the Promotion and Advancement of Cooperatives (COPAC) in support of a larger initiative to increase understanding of the ways in which countries around the world are producing and using statistics on cooperatives. Currently reliable and comparable statistics on cooperatives are missing in most countries of the world. These statistics are essential to measuring the impact of cooperatives on members, workers and the economy as a whole.

### Cooperatives in Nepal

Nepal has a long tradition of informal community-based cooperatives and self-help groups. The **Department of Cooperatives (DoC)** was established under the **Ministry of Agriculture** in 1953 and the first Cooperative Act was enacted in 1960. However, the growth of cooperatives remained weak because they were under the influence of the government.<sup>2</sup> The people-led cooperative movement began only after the restoration of multi-party democracy in 1990.<sup>3</sup> The cooperative sector started to grow under the Cooperative Act of 1992. The Cooperative Regulations of 1993 further provided a legal base for the application of cooperative values and principles and the establishment of a three-tiered cooperative system (societies, unions and federations).<sup>4</sup>

In 2008, Nepal became a Federal Democratic Republic of Nepal. The **Ministry of Cooperatives and Poverty Alleviation** was established and the National Cooperative Policy was released in 2012. In 2015, the Constituent Assembly adopted a new Constitution of Nepal that recognized the cooperative sector as one of the three pillars of national economy along with the public and private sectors.

The Cooperative Act of 2017 and the Cooperative Regulations of 2019 enacted under the new Constitution provided a legal framework for all types of cooperatives. The 2017 Act also took into account the new federal structure and delegated the authority of provincial and local cooperative laws to the local and provincial governments.

Currently, the DoC operates under the **Ministry of Land Management, Cooperatives and Poverty Alleviation (MoLCPA)**. While the DoC regulates and supervises all types of cooperatives at the national level, while the local and provincial authorities supervise cooperatives in their jurisdictions. The Central Bank (**Nepal Rastra Bank, NRB**) is in charge of licensing and supervising cooperative banks along with DoC. The **National Cooperative Development Board (NCDB)** assists the government in formulating and implementing plans and policies concerning cooperative development.<sup>5</sup>

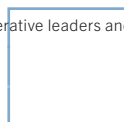
1. This brief has been drafted by the ILO Cooperatives Unit based on the interview with Mr. Suresh Thapa, International Relations and Programme Officer of the National Cooperative Federation of Nepal in August 2019. For more information about the Nepalese cooperative movement, visit <http://ncfnepal.com.np/>

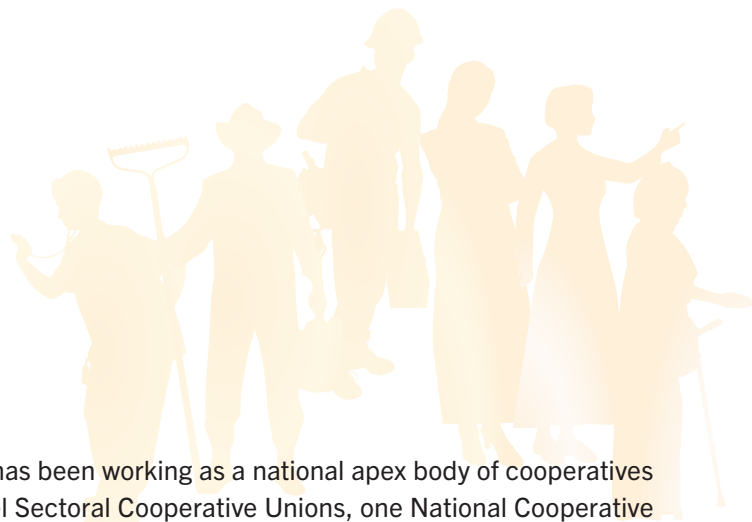
2. Nav Raj Simkhada. 2013. Problems and prospects of the cooperative sector in Nepal for promoting financial inclusion. Enterprise Development and Microfinance, Vol. 24, No.2. <https://www.developmentbookshelf.com/doi/pdf/10.3362/1755-1986.2013.014>

3. NCF. 2018. Report of the 2nd Cooperative Congress, 4-5 April 2018 in Kathmandu, Nepal. <http://ncfnepal.com.np/wp-content/uploads/2019/02/report-2nd-coop-congress.pdf>

4. Badri Kumar Guragain. 2018. Measuring the Impact of Credit Unions on Wealth Building of Members: Perspectives from Nepal. A paper presented at the Asian Credit Union Forum 2018. [https://www.aaccu.coop/upload\\_images/publication\\_Documents/05\\_measuring\\_the\\_impact\\_of\\_credit\\_unions\\_on\\_wealth\\_building\\_of\\_members\\_badri\\_guragain\\_copy1.pdf](https://www.aaccu.coop/upload_images/publication_Documents/05_measuring_the_impact_of_credit_unions_on_wealth_building_of_members_badri_guragain_copy1.pdf)

5. It is a semi-governmental organization comprised of representatives of Ministries, cooperative leaders and researchers.





The **National Cooperative Federation of Nepal (NCF/Nepal)** has been working as a national apex body of cooperatives of all types and levels since 1993. It affiliates 20 Central Level Sectoral Cooperative Unions, one National Cooperative Bank, 70 District Cooperative Unions, and 235 District Sectoral Cooperative Unions. Based on the Cooperative Act of 2017, the Provincial Cooperative Unions and Provincial Sectoral Cooperative Unions are also affiliated to NCF. According to the latest statistics available, the total number of primary cooperatives in Nepal is 34,737. <sup>6</sup>

## How are statistics on cooperatives generated and what are available in Nepal?

The 2017 Act requires all cooperatives to make annual reports and audit reports available to the registrar. The local governments are responsible for collecting data from cooperatives in their jurisdictions. The DoC is in charge of setting a questionnaire format, processing collected data and publishing national cooperative statistics on an annual basis. The latest format includes the following questions and relevant data are accessible online in Nepali.<sup>7</sup>

- 1) Areas where the cooperative operates (province, district and municipality);
- 2) Types of products and services the cooperative provides;
- 3) Number of affiliated primary cooperatives (in case of a union);
- 4) Number of board members (sex-segregated);
- 5) Number of staff members (sex-segregated);
- 6) Number of individual members (sex-segregated);
- 7) Financial status (total capital, total savings, total loans to members, and reserves and other institutional funds); and
- 8) Business volume (values of purchases and sales)

Some of Central Sectoral Cooperative Unions, including **Nepal Federation of Savings and Credit Cooperative Unions (NEFSCUN)**, **Nepal Agricultural Cooperative Central Federation (NACCFL)** and **Nepal Multipurpose Central Cooperative Union (MEMCCU)** publish statistical briefs on member cooperatives. However, they do not have detailed data on individual members.

## Reflections on Nepal's approach to statistics on cooperatives

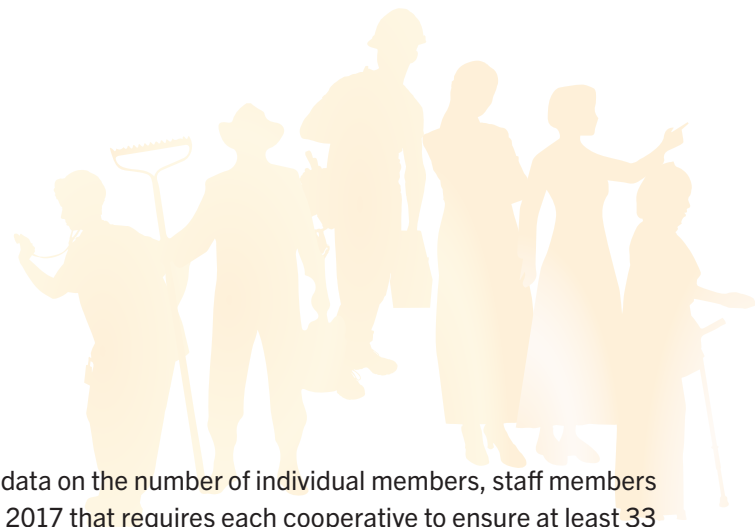
The statistics of cooperatives in Nepal adopt a detailed classification of cooperatives, particularly by commodities, goods and services they produce or provide. According to the guidelines on statistics of cooperatives adopted at the 20th International Conference of Labour Statistics in 2018, it is recommended that these cooperatives are aggregated into four types based on the main interest of their members, i.e. producer cooperatives; worker cooperatives; consumer/user cooperatives; and multi-stakeholder cooperatives.<sup>8</sup>

6. The major types of coops in Nepal include: savings and credit unions; agricultural coops (milk, fruits & vegetables, tea, coffee, herbs, bee keeping, sugarcane and citrus); consumer coops; electricity coops; and multipurpose coops. The first worker cooperative in the country was established in 2019.

7. <http://www.deoc.gov.np/downloads.php?id=3>

8. ILO. 2018. Guidelines concerning statistics of cooperatives. [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/meetingdocument/wcms\\_648558.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/meetingdocument/wcms_648558.pdf)





The statistics of cooperatives in Nepal provide sex-segregated data on the number of individual members, staff members and board members. This is in line with the Cooperative Act of 2017 that requires each cooperative to ensure at least 33 per cent women representation in its board of directors with the aim of moving toward gender equality. More detailed data needs to be collected on the characteristics of cooperative members (e.g. age groups, indigenous groups) to measure and enhance broader social development impact of cooperatives.

Data needs to be gathered to capture: youth and women participation in management levels; economic contribution of cooperatives including the employment created within and through cooperatives; revenues, production and value added, profits/surpluses, earnings of workers, and contribution to poverty reduction. These statistics will allow for more accurate identification of cooperatives' contributions to GDP and employment at national level.

The 19th Session of the International Conference of Labour Statisticians (ICLS) in 2013 included cooperatives in the Conference agenda for the first time in its history. The discussion converged towards the need for accurate, reliable, relevant and comparable statistics on the economic and social impact of cooperatives on the economies. A Resolution was passed with a view to carry out further developmental work on the measurement of cooperatives and carry out pilot studies in a number of countries to test various measurement approaches on collecting data on cooperatives.

The initiative on statistics on cooperatives is a collaboration between the ILO, COPAC, the cooperative movement, UN agencies, national statistics offices, government agencies and academic institutions to improve the quality and accessibility of statistical data on cooperatives. As a result, the guidelines on the statistics of cooperatives was adopted at the 20th ICLS in October 2018.

COPAC is a multi-stakeholder partnership of global public and private institutions that promotes and advocates for people-centred, self-sustaining cooperative enterprises, guided by the principles of economic, social and environmental sustainable development. The current members of COPAC are the ILO, the UN Department of Economic and Social Affairs, the Food and Agriculture Organization of the United Nations, the International Co-operative Alliance and the World Farmers' Organisation.

To find out more, please visit the ILO COOP<sup>9</sup>, ILO Department of Statistics<sup>10</sup> or COPAC websites<sup>11</sup>.

9. [https://www.ilo.org/global/topics/cooperatives/areas-of-work/WCMS\\_550541/lang--en/index.htm](https://www.ilo.org/global/topics/cooperatives/areas-of-work/WCMS_550541/lang--en/index.htm)

10. <https://www.ilo.org/stat/lang--en/index.htm>

11. <http://www.copac.coop/>

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