



Provide us with a fresh legal framework: Coops

The Himalayan Times; article added At: 2010-07-14 11:11 PM

KATHMANDU; Leaders of Nepali cooperative movement have requested the government to formulate a separate legal framework to govern cooperatives in the country. “We need at least two sets of law — National Cooperative Bank Act, and Saving and Credit Cooperative Act — to strengthen and regulate the cooperative sector,” said Ramesh Prasad Pokhrel, chairman of National Cooperative Bank at an interaction programme today.

Cooperatives provide a great deal of strength to the national economy. So, it should not be ignored. A separate government ministry for cooperatives should be created and cooperatives should be classified on the basis of their capital.

Saving and credit cooperatives have transactions of over Rs 100 billion, said Min Raj Kandel, chairperson of Nepal Federation of Saving & Credit Cooperative Unions Ltd (NEFSCUN).

“Cooperatives are booming and the government should not ignore them,” he said adding implementation of proper laws can help the growth of the sector. Cooperatives have a higher liquidity than banks and finance companies. So, immediate plans are necessary to use the resources in the productive sector, he said.

“If the government introduces a favorable policy, cooperatives will invest in the productive sector,” he said.

Around 8,000 saving and credit cooperatives are operating in Nepal and 30 per cent of them are operating in the Kathmandu valley alone. These cooperatives are accounting 10 per cent of total financial transactions in the country.

Rishi Raj Ghimire, vice-chairman of NEFSCUN presented a paper on the problems faced by the saving and credit cooperatives. He said, “Even the official guidelines for cooperatives are not being followed.”

Gopi Krishna Niraula, Deputy Registrar, the Department of Cooperative (DoC), said, “DoC can’t monitor 19,000 cooperatives from the current level of human resources.” The department and district offices have 440 employees and 144 posts are vacant.

The concept of Saving and Credit cooperatives emerged in Germany in 1849 after the banking sector failed to include small farmers and entrepreneurs under the services.

Saving and credit cooperative emerged in Nepal after the restoration of democracy in the 1990s.