



Welcome

**'Enabling environment to facilitate Growth
& Development of Economy through the
appropriate Cooperative Legislation,
Policies & Regulations'**

**Key notes from Minister's Statement
at ICA-AP Conference in Hanoi, April 20, 2017**

**Government of Nepal
Ministry of Cooperatives and Poverty Alleviation,**



Minister
Ministry of Cooperatives and Poverty Alleviation
Government of Nepal

Key Notes from Statement-Outlines

- **Organisational Structures : Govt & Coop Movement**
- **Legal Frameworks of Cooperatives**
- **Cooperative Act 1991 and Its Major Provisions**
- **National Cooperatives Policy 2012 and its major provisions**
- **Govt. Initiatives for Cooperatives Promotion and Governance Reform**
- **Cooperatives in Figures**
- **Proposed Coop Bill 2017**
- **Key Messages**

Organisation Structures :

Government & Coop Movement

Government

Ministry of Cooperatives and Poverty Alleviation

- Department of Cooperatives
- Division Cooperative Office (33)
- Central Cooperatives Training Centre (1)
- Cooperatives Training and Division Office (5 , Coop Admn. & Training both)
- COOP : National Cooperative Development Board
- POVERTY: Poor Household Support Coordination Board

Change in Federal Structure (*Proposed*)

- Province (7) : Each has Province Offices
- Local Level (744): Rural Municipalities, Municipalities, Sub/Metro Municipalities (Coop/Poverty)

Cooperative Movement:

- National Cooperative Federation Limited (Apex Body of Coop Movement)
- National Cooperatives Bank-1
- Subjectwise Central Associations : 20 (*Savings & Credit, Multipurpose, Agricultural , Consumer, Milk, Honey, Tea, Coffee, Fruits and Vegetables, Fisheries, Junar, Tourism, Herbs, Sugarcan, Health, Energy, Communication etc.*)
- District Associations : 68 (out of 75 districts)
- *Primary Cooperatives*

Legal Frameworks for Cooperatives

- **Constitution of Nepal 2072** recognised *Public Sector, Private sector and Cooperatives Sector* as integral part of economic development or economy of the country.
- **Important role of cooperatives** to achieve *sustainable and just, equitable economy* through *maximum mobilisation* of cooperatives sector in *the social and economic development* of the country
- **For Registration, Regulation, Guidance and Monitoring** of Cooperatives unions and societies the following law in force:
Cooperative Act, 1992 and Cooperative Regulation, 1993

Cooperative Act, 1991 : *Major provisions*

- **Emphasise a compulsory *registration* for formation of cooperatives association or society** in consonance with the cooperative principle (25 persons/100 NPRupees)
- **Endorsed self-regulation system** through approval of *cooperatives Bye-law : Annual General Meeting* , corporate culture through election of *board of directors and appointment of employees and advisers*, Check and balance due to provision of *Accounts committee (for Internal Audit)*
- **Provision to maintain updated records** of general meeting, board, accounts committee and sub-committees as well as to maintain records of accounts of all transactions

Cooperative Act, 1991 : Major provisions..

- **Maintain *financial discipline*** : *distribution of saving , reserve fund , prohibition on awarding contract to any member , refrain from political activities -prohibition on providing financial assistance or donation to any organization or association working for any political party or religion or community.*
- **Promotion of Cooperatives** : *Government exemptions and facilities such as registration pass, revenue stamp or registration fee waiver for purchase and sale or exchange of an immovable property, exempt customs tariff or sales tax & horizontal and vertical integration*
- **Weak Punishment for recovery of dues** specially in the savings and credit cooperatives upon their inability to refund or return deposits or recover loans due to embezzling the savings investment in the area beyond the cooperatives domain.

National Cooperative Policy 2012

- **Major emphasis on :** *Ensure self-regulation , promotion of cooperatives institutions and improve good governance on the basis of Cooperatives values and principles as developed by ICA*
- **Major provisions of the policy :**
 - Emphasised to **increase the capacity enhancement and awareness** of the cooperatives through the means of education, training and information.
 - **Open up new areas** to activate the cooperatives **at all types of businesses** based on other production and services including agriculture sector such as health, education, forestry based, energy, tourism etc,
 - **Targeting Peoples to have access of cooperatives** in improving the livelihoods of women, impoverished, marginalized, disabled, landless and backward communities as well as the laborers and common people.

National Cooperative Policy 2012

- **Coop-Industrial Orientation** : Make the cooperative sector effective, competitive and qualitative by developing and expanding the enterprises promoted by the cooperatives.
- **Achieve and maintain Good Governance**: Through the *adoption and regulation of effective management* process by practicing the *stipulated values and principles of the cooperative*.
- **Promote *partnership and cooperation*** : Among the government, cooperative and private sector as well as the development partners in developing, expanding and promoting cooperative business and enterprises.
- **Create *enabling environment*** : Through design of long term plan, human resources development and necessary organization and structures as well as legal provisos for the *development*,

Cooperatives in Figures (as of July 15, 2016)

➤ **Total Number of Cooperatives :**
33,599 (*Was 833 at the Time of Promulgation of Cooperative Act 1991*)

➤ **Total Cooperatives Members:**
6,030,857

➤ **Women 3,086,318 (51%),**

➤ **Men: 2,944,539 (49%)**

➤ **Total Numbers in Board of Directors: 231, 822**

➤ **Women: 89,618 (39 %)**

➤ **Men: 142,204 (61 %)**

➤ **Total Numbers of Employees:**
56,475

➤ **Women: 26,693 (47 %)**

➤ **Men: 29,782 (53 %)**

Financial Status of Coops:

➤ **Share Capital: Rs.**
71,357,882 ('000) (*Approx. US \$ 689,448,135*)

➤ **Loan: Rs. 295,727, 802 ('000)** (*US \$ 2,857,273,449 Approx.)*)

➤ **Investments: Total**
Rs.289,825,041 ('000) (*US \$ 2,800,241,942 Approx.)*)

(US \$ 1=NPR 103.50)

Proposed Cooperative Bill-2017

- **Emphasize on Cooperative Values and principles:** (as defined by ICA). Financial provisions such as reserved capital return fund, reserve fund, cooperative promotion fund, member based savings and credit transactions, cooperatives as community / locality based work area (village /Wards)
- **Formulation of Community & member Based Cooperatives:** Establish subject wise and multipurpose cooperative that is community and member based approach. 'one member one nature of cooperative' as well as 'one family one member' membership provision.
- **Cooperatives Promotion and Commercialisation:** As per the vertical / horizontal Integration (ICA 6) : **Starting base from *local community and based on business opportunities***, value chain and **vertical coordination** has proposed to form subject wise district and central a assigning hierarchical roles and responsibilities in each layer for development, promotion and marketing of respective cooperatives business.

Proposed Cooperatives Bill-2017

- **Specialised cooperatives associations** in the field of hydropower, chemical fertiliser industries, Transport, Heavy Agri-equipments, Fruits processing, sugar industries, Cold Storage, Hospital, Schools, Laboratories for advancement of cooperative business.
- **Classification of cooperatives** based on *current main transaction*
- **Provision for Education / Training:** cooperatives for their members, education fund and other social funds as per by-law
- **Tax Incentives, concessions** for production oriented Coops like the Industrial Enterprises Act for private sector.

Proposed Cooperative Bill-2017

- **Good Governance Measures:**
- **Internal control** : Account Supervision committee and internal audit and report every trimester by the committee
- **Punishment Provisions** : Physical (prison) and capital punishment (mis-appropriated embezzled money and equivalent fines) / fines of assets, savings or shares.
- **Assets Management Committee** for the recovery of misappropriated and embezzlement of savings /loans of problematic cooperatives
- **Yearly inspection report** by respective registrar within 3 months after expiry of fiscal year to MoCPA or Nepal Rastra Bank
- **Recover misappropriated grants as government due** and Social Audit
- Emphasis on '**members active participation**'

Government Initiatives in Coop Development/Promotion

- **Capacity Development** : Training in Govt. exp for Coop Board, general members, employees through training centres
- **Seed Money as grants / loans**: Cold Storage, Tea Factory of Coops,
- **Poverty Alleviation Program through cooperatives** : Women, Marginalised People, Traditional Profession, Disable as seed money grants
- **Infrastructures** : For National /District level Associations
- **Monitoring** : Suggestion for reform to Coops upon non-compliance of Coop Standards/norms/law
- **Bye-Laws Approval**: As per frame of act, rules and standards for Coop at the time of registration and Approval of By-laws of Coops
- **Introduced web-based Cooperatives and Poverty Related Management Information System (CoPoMIS)**: For real time updated Coop Statistics useful for Planning, monitoring and governance improvement

Key Messages

- **Act/Regulation provide assurance to Cooperators to carry out Coop Business irrespective of government change**
- **Commitment from both Government and Cooperative Movement is must for growth and development of Cooperatives for Voluntary Initiatives**
- **Weak punishment provision in Cooperative law can undermine the *self-regulation and adhering cooperatives values and principles.***
- **Self Regulation from Coops is must as Law itself cannot enforce the issues of cooperatives : *working beyond permitted area, practice of 'one member one nature of cooperative' and common bond (of objective, purpose, profession, community, locality etc.)***
- **Operating Manuals for implementation of Law and Policy is a must for its effectiveness**

Key Messages..

- **Monitoring of Self Regulating Policies** of the cooperatives is must and be also monitored by concerned subjectwise and apex body of movement.
- **For policy implementation** Coop-Movement should take initiatives for the growth and development of Coop related economic, social environmental and SDG with Govt-Cooperatives partnership
- **Cooperatives Information system** is must for its planning, Onsite and Offsite Monitoring as well as enforcement of effective regulation.
- **'Cooperation among Cooperatives'** and segregation of responsibilities with vertical subject wise district / central associations necessary.

A nighttime photograph of a cityscape. In the foreground, a bridge with a prominent arch is illuminated with bright blue lights, and its reflection is visible in the water below. In the background, a tall, slender tower stands prominently against the dark blue sky. Other city buildings are visible, some with lights on. The overall scene is a vibrant urban night view.

Thank You

Ministry website: www.mocpa.gov.np