

Nepali depositors angry, ruined by microcredit

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More than 500 Nepali savings cooperatives are in dire straits with US\$ 490 million in depositors' money at risk. The lack of controls and the use of money by promoters to obtain bank loans are blamed. The prime minister promises to intervene, but victims accuse politicians of complicity.

Kathmandu (AsiaNews) – In Nepal, more than 500 savings and credit unions are unable to return depositors' money.

Harish Chandra Shrestha, coordinator of the National Campaign for the Protection of Cooperative Depositors, reports that these cooperatives have embezzled hard-earned savings worth Rs 65 billion (US\$ 490 million) from hundreds and thousands of depositors.

According to the Department of Cooperatives, more than 32,000 coops of various kinds operate across the country with 7.3 million members and a combined share capital of Rs 94 billion (US\$ 705 million), with Rs 478 billion (US\$ 3.6 billion) in deposits and Rs 426 billion (US\$ 3.2 billion) in loans.

"Many of those who embezzled people's money parked in cooperatives are now affiliated with different political parties. Some have fled the country," Shrestha explained.

"Most of the promoters of cooperatives are affiliated with one party or another," he added. "They become lawmakers and formulate laws that suit them. That is why the voices of cooperative victims go unheard."

The government, he notes, has done nothing even when a single individual opened as many as six or seven cooperatives.

The government itself declared 16 coops to be "troubled", with deposits of 272 members worth Rs 13.14 billion (US\$ 100 million).

For Kashi Raj Dahal, chairman of the Troubled Cooperatives Management Committee (TCMC), cooperatives involved in financial transactions and those based in cities have run into trouble.

Most coops lacked resources, means and staff. Many promoters were found to have used money collected as deposits to buy fixed assets and as collateral to take out bank loans.

"Many cooperatives are found to have violated the rules. Some promoters lacked the expertise to run institutions that mobilise people's money," Dahal noted.

"Some promoters had the bad intention of misusing depositors' money for personal gains. Those misusing people's money must be brought to book," he added.

He also noted that promoters have had a free hand with cooperatives due to a lack of effective monitoring and regulation by state agencies.

It is necessary, the TCMC chairman believes, to instruct state agencies to facilitate unfreezing of assets of cooperative promoters so that their liabilities can be settled.

Prime Minister Pushpa Kamal Dahal also spoke about the issue today, expressing his commitment to addressing the victims' grievances.

At a meeting with a delegation from the Rastriya Swatantra Party (RSP) at his official residence in Baluwatar, he pledged to address the concerns raised by those impacted by the mismanagement of cooperatives and microfinance.

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