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Letter from the Editor-in-Chief

Myanmar and Korea have many similarities and are complementary relationship. Therefore, we believe that research exchange will expand mutual understanding between Myanmar and Korea, and will be the cornerstone for mutual development.

KOMYRA and YUE have co-published The Myanmar Journal since August 2014. So far, many scholars have published numerous papers through the journal, and We are sure that this journal has helped many people understand Myanmar and Korea more clearly and closely.

The Myanmar Journal covers various issues in Myanmar and Korea. It covers various topics that can promote bilateral development and mutual understanding, not limited to specific topics such as economy, industry, society, education, welfare, culture, energy, engineering, healthcare, and agriculture.

We hope that this journal will continue to promote understanding of the current status and potential capabilities of Myanmar and South Korea and promote in-depth international exchange and cooperation.

We would like to express our deepest gratitude to the editorial board and YUE and KOMYRA for their valuable support in The Myanmar Journal publication.

February 28, 2022

Youngjun Choi *yj choi*

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The Myanmar Journal (ISSN 2383-6563) is the official international journal co-published by Yangon University of Economics (YUE) and Korea Myanmar Research Institute (KOMYRA).

This journal aims to promote the mutual cooperation and development of Myanmar and Korea through intensive researches in the entire field of society, economy, culture, and industry.

It will cover all general academic and industrial issues, and share ideas, problems and solution for development of Myanmar.

Articles for publication will be on-line released twice a year at the end of February and August every year on the Myanmar Journal webpage (http://www.komyra.com/bbs/board.php?bo_table=articles).

The Role of Co-operative Microfinance in the Socio-economic Development of Members: A Case Study of Sin Min Agricultural and General Trading Co-operative Society Ltd., Sin Tat Village, Sagaing Township

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ABSTRACT : The major objective of this research is to study the role of microfinance in socio-economic development of members and the performance of Sin Min Agricultural and General Trading Co-operative Society Ltd. This study was using both primary and secondary data which taken from different websites, research papers, working papers and NGOs reports etc.; and primary data was enumerated from a field survey in target region, Sin Min Agricultural and General Trading Co-operative Society Ltd., Sin Tat Village, Sagaing Township, Sagaing Region. The major findings of the study indicate that the members can use high proportion of loan for starting a new business or for expanding the existing business and for their children's education even though majority of women's literacy levels are very low, most of the respondents are spending loan without waste, they are expecting to extend more and to get larger amount of loans, and they want to get secondary income to improve their living standard, it is found that microfinance improved the literacy levels of the children of the respondents. And members are also getting socio-economic development after getting microfinance as 39 percent of the respondents reported that poverty level has reduced by participating in microfinance program. In addition, the microfinance program of co-operative societies has a positive impact on overall welfare of the members. 100% of respondents said that they surely get satisfaction on interest rate upon loan which is set by Sin Min Agricultural and General Trading Co-operative Society Ltd. Since, co-operative societies' microfinance program is important to the members, it is recommended that the loans should be extended for members who used it actually at the beginning of their business and also the amount of loan should be extended for them.

Key words : *Co-operative microfinance, socio-economic development, members, loan*

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I. Introduction

Myanmar is a major agricultural country and more than 70% of the country's population lives in rural areas. Agriculture, therefore is the main business of the rural population. However, due to the uncertainties and risks posed by climate change, economic instability, and the lower-prices of their crops, farmers are engaged in a variety of economic activities to improve their socio-economic status. The development of a country depends on the socio-economic development of the people live in rural. However, one of the main problems for the socio-economic development of the village is in need of capital to carry on their businesses. Although the government has a number of development initiatives to develop rural areas, lending institutions, such as microfinance institutions, are significant medium for the improvement of rural population and grassroots. Government agencies, many private organizations and NGOs are occurred to alleviate the economic and social problems of the rural economy and community at the grassroots level in Myanmar.

In those organization, co-operatives also include, in fact; cooperatives were first introduced in Myanmar in 1904. According to the 1904 Credit Act by India Government, the first saving and credit cooperative society aimed at farmer was formed on 3rd January 1905 in Myanmar at Myin Mu Township, Sagaing Division. Basically, Myanmar Cooperative Societies are formed by joining a group of people to collectively meet economic, social, cultural needs and aspirations of their members, which cannot be done by individually. There are various kinds of agricultural cooperatives in Myanmar, which are agriculture and general trading cooperative, integrated farm cooperative, farming and general trading cooperative, agricultural producers' cooperative, agricultural and multipurpose cooperative, etc. Most of them are multipurpose cooperative and running businesses which are related to agriculture including microfinance for farmers. The agricultural cooperative societies are operating not only agricultural business but also for the saving and credit activities in order to support the cultivation cost for farming; to cultivate the habit of thrift; and to strengthen the cooperative spirit among the member farmers. The ultimate aim of agricultural and general trading cooperatives is to produce and distribute agricultural products, and to provide the needs of farmers. Agricultural co-operatives contribute rural development and poverty alleviation by carrying out such as; loans in the form of working capital are awarded directly to the peasant members, inputs like seeds, fertilizers, pesticides and agricultural machinery are also sold in installment to the peasant members, loans are also bestowed upon those members who run livestock, ensuring accessibility to their purchase installment for farming.

Sin Min Agriculture and General Trading Cooperative Society Limited is a multi-purpose organization which provided its members with distribution of agricultural inputs and loans. In addition, it now forms to free from daily repayment system with high interest rate. Sin Min Agricultural and General Trading Co-operative Society Ltd., was established at Sin Tat Village, Sagaing Township, Sagaing Region in 1895. At the beginning, there were 100 members and it was run its business with 15,000 Kyat as a share capital of the society. The society restructured in 1992 under the 1992 Co-operative Society Law promulgated by Ministry of Co-operatives. In 1993 the society was only 5 members and they started to run their business in agriculture. Later, they extended microfinance as a branch of their business. In 2012, the Ministry of Co-operatives provided loans to the villages through co-operative societies. At that time, Sin Min Agricultural and General Trading Co-operative Society Ltd. had 300 members and it took responsibility to provide loan to the members with low interest rate, 2.5 Kyat per month. Now the interest rate is reducing to 1.5 kyat for members. Therefore, this research study, to determine the role of microfinance for the socio-economic development of the members in Sin Tat Agricultural and General Trading Cooperative.

II. Materials and Methods

Both secondary and primary data collection were used for this study. The secondary data were collected from different websites, research papers, working papers and NGOs reports etc. In order to collect primary data, as the case study, Sin Min Agricultural and General Trading Co-operative Society Ltd was selected and focus of the study. A questionnaire was given to 100 members randomly selected from Sin Min Agricultural and General Trading Co-operative Society Ltd, Sin Tat Village in 2019. The data were analyzed by descriptive statistics.

III. Results of Data Analysis

The study was aimed to determine the role of microfinance in the socio-economic development of members in Sin Min Agricultural and General Trading Co-operative Society Ltd. It presents the result through the data collected from the respondents who were members of Sin Min Agricultural and General Trading Co-operative Society Ltd.

This study was focused to find out from the respondents their gender, age,

education level, occupation and income. These factors would affect their participation in the microfinance projects.

1. Socio-economic Characteristics of the Respondents

Table 1. Socio-economic Variables of Respondents

Variables	Frequency (No.)	Percentage (%)
Sex		
Male	58	58
Female	42	42
Total	100	100
Age		
Less than 35	12	12
35-50	33	33
Above 50	55	55
Total	100	100
Family Size (No.)		
Less than 5	46	46
5-10	54	54
Above	-	-
Total	100	100
Education Status		
Illiterates	9	9
Primary	55	55
Secondary and above	36	36
Total	100	100
Income (Ks)		
Less than 50000	37	37
50000-100000	40	40
Above 100000	23	23
Total	100	100
Types of Business		
Agriculture	52	52
Agriculture & Livestock	35	35
Livestock	4	4
Other	9	9
Total	100	100

Source: Survey data, 2019

Table (1) presents the socio-economic characteristics of the respondents. The socio-economic characteristics of the respondents considered for the study including sex, age, family size, education status, income and business. The males constitute about 58% of members, while the remaining 42% are females. The high percentage of female members may neglect due to the fact that co-operative membership is free from gender, political and religious considerations. Age of respondents showed that majority of the members (55%) belong to the age bracket of above 50 years.

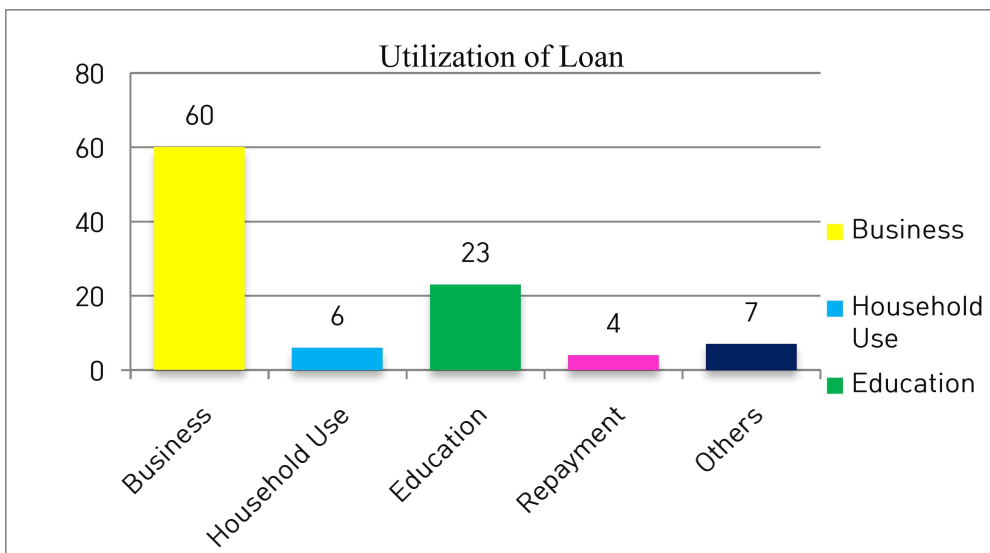
The rest are either below 35 or between 35 and 50 years.

Household size of most respondents ranged from 1-4 persons (46%). The remaining (54%) belong to the household size of between 5 and 10. The average family size recorded for this study was found that no more than 10 persons in a household. The education status of the respondents revealed that about 9% had no formal education. About 55% had primary education and the remaining 36% had least secondary education and its equivalent. In summary, about 91% members were literate, that is, they had primary, secondary or tertiary education.

The survey of income of respondents showed that about 37% had less than 50000 Ks as monthly income. About 40% had between 50000 Ks and 100000 Ks as monthly income. The remaining 23% had above 100000 Ks as monthly income. The result of the study revealed that about 52% of the respondents had worked in agriculture, about 35% are doing integrated farming, 4% are contributing to livestock and 9% are doing other businesses. It is remarkable that most of them are participated in agriculture sector.

2. Utilization of Loan by Members

Figure 1. Utilization of Loan



Source: Survey data, 2019

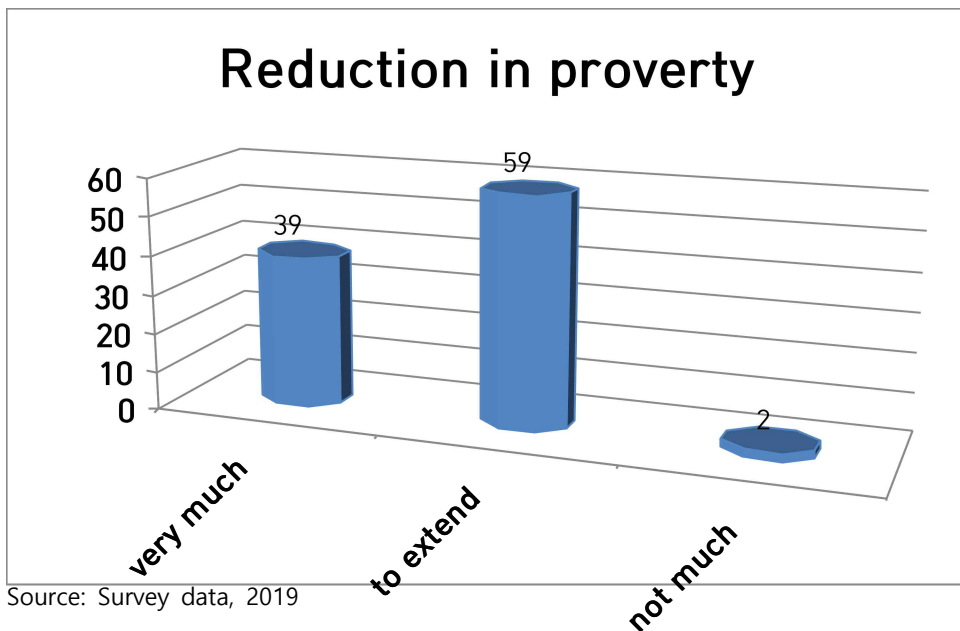
Figure (1) showed that 44% of the beneficiaries used the loan to start a new business or to expand the existing business. It was interesting to note that 23 % of the respondents took out a loan for their children education which signifies their

awareness. 6 % of the respondents took out a loan to buy the household utilities. However, 4 % of the respondents took out a loan to the repay an existing loan. 7% of them used the loan for other cases like healthcare, social activities, etc.

3. Perspective of Microfinance on Reduction in Poverty by Members

Figure (2) show that 39% of the respondents believed that microfinance has reduced their poverty levels to a greater extent. 59% of the respondents eagerly wanted to extend the larger amount of loan and wanted to borrow 4 times per year. Only 2% of them thought that the loan was not much reducing their poverty. It was interesting to note that 100% of respondents got the satisfaction of the interest rate which is set by the Sin Min Agricultural and General Trading Ltd.

Figure 2. Reduction in Poverty

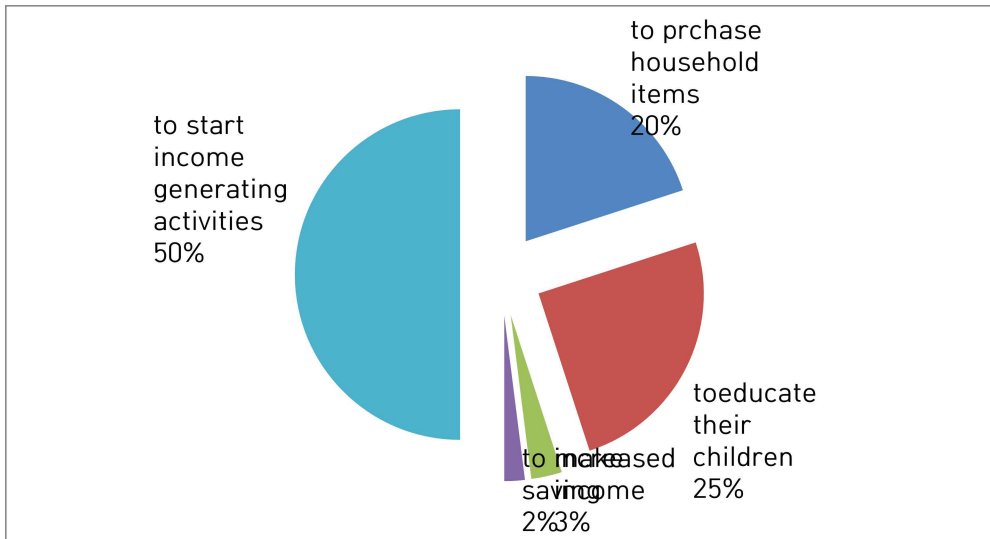


4. Impact of Microfinance on Socio-economic Status of Members

Figure (3) show that microfinance had been impact on members in their sense. When co-operative society provided loan to its members, 25% of members had been able to use loan to educate their children, 50% of members had been able to start and/ or expand their income generating activities/ enterprises, 20% of members had been able to purchase house items and the remaining 5% of members had been

able to make saving, and to increase their income. According to the result of the study, it found that microfinance impact on the socio-economic status of member.

Figure 3. Impact of Microfinance on Socio-economic Status of Members



Source: Survey data, 2019

5. The Role of Microfinance in the Socio-economic Development of Member

This paper was aimed to reveal whether there is a role played by co-operative's microfinance in the socio-economic development of member in Sin Min Agricultural and General Trading Co-operative Society Ltd., and to find out how members have benefited from microfinance socially and economically. Therefore, in order to prove the finding, the co-operative's members were asked two questions: "Is there improvement of the socio-economic status of member as a result of microfinance?" and "Have microfinance improved the socio-economic status of member?". With respect to the above questions found that the members have been able to start and/ or expand their income generating activities/ enterprises, to increase their income, to support their children education, to make saving, to purchase house items and to solve their social problems. In addition, respondents (82%) accepted the positive impact of microfinance on their economic status and also respondents (74%) accepted the positive impact of microfinance on their social status (Table 2). So, there was a significant role played by co-operative's microfinance in the socio-economic development of member in that study area.

Table 2. The Role of Microfinance in the Socio-economic Development of Member

Sr.no	Questions	Yes	No
1	Is there improvement of the economic status of member as a result of microfinance?	82(82%)	18(18%)
2	Has microfinance improved the social status of member?	74 (74%)	26 (26%)

Source: Survey data, 2015

IV. Conclusion

On the basis of the above results of analysis, it can be easily concluded that microfinance is playing an important role in increasing the income of members and they can use their loans to improve their livelihood. In summary, this study reveals the following:

Even though majority of members' literacy levels are very low, they can use high proportion of loan for starting a new business or for expanding the existing business and for their children's education.

It is noticed that most of the respondents spent loan without any wasting.

They are expecting to extend more and larger amount of loans and their want to get secondary income to improve their living standard and social welfare.

It is found that microfinance improved the literacy levels of the children of the respondents and also improved their awareness on child education.

Maximum number of respondents accepted that microfinance has brought economic development directly and indirectly, and thus there had been happiness and satisfaction in their family.

100% of respondents said that they surely got satisfaction on interest rate upon loan which was set by Sin Min Agricultural and General Trading Co-operative Society Ltd. It is obvious that the women are victims of high interest rate.

Co-operative societies should increase the size of loan to their member to expand their business and for the socio-economic development of the people live in rural.

Microfinance services should expand their providing areas to include social loans such as for funerals and for weddings, as well as for non-economic aspects like school fees.

All respondents had receipted on loans by gradually increasing the savings money and practice a good habit of saving.

Microfinance program positively affect on the living condition of rural household who participated in the program, in fact; in their income, savings money and housing were improved. This study reveals that there is a big role played by microfinance in

the socio-economic development of members of Sin Min Agricultural and General Trading Co-operative Society Ltd, in Sin Tat Village. This is because the access and utilization of microfinance services has given their members the opportunity to get access to capital to start a small enterprise or expanding their enterprises and their income are increased as a result. The result from this study gives credence to the use of co-operative as machinery for rural transformation and socio-economic development of members in Sin Tat Village. However, the respondents said that they faced challenges when utilizing loan from Co-operatives such as small amount of loan, short repayment period, don't consistent with return the money at harvest time and so on. In addition, the respondents reported that they have getting trust worthy among group members by using solidarity group lending system for accessing loan without collateral. The empirical findings of the study suggests that microfinance has a deep influence on the economic status, decision making power, knowledge and self-worthiness of participants of co-operative society in Sin Tat Village. Today microfinance is striving to match the convenience and flexibility of formal sector while adding flexibility and continuity. Microfinance is accepted as a vital tool for attaining and maintaining the sustained and long-term economic growth not only in Myanmar but also in all over the world.

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