Financial cooperatives, a crucial component of Nepal's financial infrastructure, have gained significant attention as the country struggles with a growing number of irregularities and challenges faced by various cooperatives. These issues have raised serious concerns about the state of financial cooperatives in Nepal, as approximately 29,886 registered cooperatives with a staggering 8.91 billion rupees in share capital and a total deposit of 477 billion rupees have been identified as facing problems.

The Constitution of Nepal has decentralized the responsibility of co-operatives, with the government granting autonomy to co-operatives. However, these institutions have received minimal attention from the government, despite the growing number of irregularities and challenges faced by cooperatives. Financial cooperatives, a crucial component of Nepal's financial infrastructure, have long played a significant role in managing a substantial volume of transactions. However, these institutions have received minimal attention from the government, despite the growing number of irregularities and challenges faced by cooperatives.

The aim of this study is to analyze the state of financial cooperatives in Nepal, with a focus on the growing number of irregularities and challenges faced by cooperatives. The study highlights the need for urgent attention to the issues facing financial cooperatives, particularly the need for increased oversight mechanisms, improved governance practices, and a stronger regulatory framework.

The state of financial cooperatives in Nepal is alarmingly dire, and a committee has been established to investigate the problems faced by these cooperatives. The committee was assigned the task of examining the issues facing financial cooperatives, and it has reported that over 6,000 co-operatives have faced problems. The committee has also reported that the state of financial cooperatives is further complicated by the lack of a second-level regulatory framework and the minimal attention paid to this crucial task. Although the need for a second-level regulatory framework has been recognized, the failure to address these pressing issues promptly risks further erosion of public trust and stability within the financial system.

The Nepal Rastra Bank, the central bank of Nepal, has been responsible for regulating financial cooperatives. However, despite this division of responsibilities, effective oversight and regulation have been sorely lacking. The committee's report highlights the need for increased oversight mechanisms, improved governance practices, and a stronger regulatory framework.

The Department of Co-operatives, Nepal, is responsible for regulating co-operatives. However, the department has received minimal attention from the government, and its work has been hampered by limited resources and inadequate funding. The committee's report highlights the need for increased funding and resources to enable the Department of Co-operatives to effectively regulate financial cooperatives.

The government has also been criticized for failing to address the issues facing financial cooperatives. The government has not taken any concrete steps to establish a second-level regulatory framework, and the department has been unable to effectively regulate financial cooperatives. The committee's report highlights the need for increased attention to the issues facing financial cooperatives and the need for a stronger regulatory framework.

The Nepal Rastra Bank has been criticized for failing to effectively regulate financial cooperatives. The committee's report highlights the need for increased oversight and regulation, and the government has been urged to take immediate action to address the issues facing financial cooperatives.

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